

# FY23 RESULTS ANNOUNCEMENT

- **Record full year consolidated EBITDA of \$166.4m**
- **197 percent increase in net profit after tax to \$90.5m**
- **Consolidated cash including restricted short-term deposits \$163m**

<b>Financial measures (NZD)</b>	<b>2023 \$m</b>	<b>2022 \$m</b>
Revenue <sup>1</sup>	389.0	295.2
EBITDA <sup>2</sup>	166.4	104.4
Net profit after tax	90.5	30.5
Underlying profit after tax	90.6	43.1
Cash	163.1	76.0
<i>Reconciliation of underlying profit after tax to net profit after tax</i>		
Underlying profit after tax	90.6	43.1
Fair value movement on convertible bond derivatives	-	(12.3)
Impairment	(0.1)	(0.3)
<b>Net profit after tax</b>	<b>90.5</b>	<b>30.5</b>

## CEO'S COMMENTS

The FY23 results represent a record full year operating surplus, with Bathurst delivering net profit after tax of \$90.5m for shareholders, an increase of 197% on the previous 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 and increased costs.

The strong export segment pricing has again been the main contributor to the record operating profits. However, to convert this increased pricing into profit successfully, the company has carefully managed its costs during an environment of increasing inflationary pressures. This robust operational performance, and our successful cost management, continue to add to the potential of Bathurst's capital management strategy to exploit a range of growth options for shareholders.

Coal benchmark prices have reduced throughout the year; however, Bathurst's coal price hedging has helped to protect revenue in our export segment from these reductions. The realised hedging gains have increased in line with

<sup>1</sup>Includes realised FX and coal pricing hedges on export sales. Unrealised movements in coal pricing and FX hedging goes through other comprehensive income.

<sup>2</sup>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.

drops in pricing levels, as the market corrects from the notable highs experienced during FY22, where global supply was impacted by weather events and the war in Ukraine. This result reinforces the adoption of the hedging strategy which, over recent financial years, has enabled sound capital and risk management while also providing key additional revenue.

Operationally, poor weather and tight supply in the labour market impacted operations throughout the year. High levels of unseasonal rainfall in New Zealand along with the effects of Cyclone Gabrielle, caused flooding at both North Island mines and a slip at the Maramarua mine. As a result, overburden removal and production were adversely impacted, as well as delays in stripping of new mining areas at the mines. It is pleasing to note that even while facing these obstacles, contracted sales volumes continued to be met due to the efforts and fortitude displayed by our teams at site. Importantly, I am pleased to report that not only were Bathurst's management, staff, and contractors able to deliver in these challenging operational conditions, they were also able to manage the additional risks and maintain a sound track-record for managing occupational health and safety at our mines.

Looking forward, the benchmark price that our export sales are priced against remains rangebound as the market finds an equilibrium following the highs experienced at the end of FY22. With demand currently still relatively weak but also supply remaining tight, it is expected prices should remain at current levels in the short term with some small improvement in pricing as global economies recover. Into the long term, the current global under investment in new mines and expansions will ensure that coal supply remains tight, particularly with increasing demand for coking coal in growing countries such as India and across Southeast Asia.

Overall, we expect the coal benchmark price to remain stable following its correction from the previous year's prices. Accordingly, our export segment should continue to perform well with pricing levels remaining strong and our cost management will again enable the conversion of the strong pricing into profit.

## OPERATIONS

Bathurst is New Zealand's leading coal producer, engaging in the development and production of coking and thermal coal in New Zealand. Bathurst also has an equity stake in a Canadian high quality coking coal exploration project.

### Export operations (65 percent equity share via BT Mining joint venture)

Measure		Export 2023	Export 2022
Production (100% basis)	kt	1,042	913
Sales (100% basis)	kt	1,197	1,023
Overburden (100% basis)	Bcm 000	4,996	4,446
Revenue incl. realised hedging (65% equity share)	\$'000	274,181	193,242
Average price received per tonne (100% basis)	\$/t	365.3	290.5
EBITDA (65% equity share)	\$'000	154,097	83,398

### Commentary:

Sales tonnes	Increase in sales tonnes to meet customers demand.
Revenue	The average benchmark price reduced slightly year-on-year, USD \$365/tonne FY23 versus USD \$374/tonne FY22. Export sales are a mix of being priced against the spot price or a prior 3 month average (t minus 1).  Realised hedging income for the year also offset the lower pricing.

**EBITDA**

Benefited from the uplift in revenue, partially dampened by the following key cost uplifts:

- Costs have increased due to a mix of underlying unit cost increases driven by global inflationary pressures, particularly the cost of components and consumables.
- The annual average fuel price increased by 30% from FY22 to FY23.
- Increased cost of freight which is linked to the fuel prices mentioned above.
- Profit share for employees which is pegged to uplifts in sales revenue.

**Domestic operations** (100 percent SID and 65 percent NID equity share via BT Mining)

<b>Measure</b>		<b>Domestic 2023</b>	<b>Domestic 2022</b>
Production (100% basis)	kt	792	964
Sales (100% basis)	kt	878	935
Overburden (100% basis)	Bcm 000	6,161	7,285
Revenue (equity share basis)	\$'000	104,754	101,955
EBITDA (equity share basis)	\$'000	30,053	36,511

**Commentary:**

<b>Sales tonnes</b>	North Island domestic ("NID") decreased due to a planned step down in sales volumes to a food processing customer, partially offset by increased sales to a steel producer. South Island domestic ("SID") sales volumes increased slightly.
<b>Overburden</b>	Waste moved in advance has reduced significantly at the Rotowaro & Maramarua mines (NID) due to poor weather and the impacts of Cyclone Gabrielle.
<b>Revenue</b>	Revenue decreased for both NID and SID due to lower sales volumes, partially offset by contractual PPI increases.
<b>EBITDA</b>	EBITDA was negatively impacted by delayed production at the North Island mines and increased costs.  NID primarily impacted by: <ul style="list-style-type: none"> <li>• Reduced sales tonnes leading to lower production, which means the cost per tonne increases particularly at the Rotowaro mine which has a high proportion of fixed costs, notably labour and repairs and maintenance which represent 60 percent of total cash costs.</li> <li>• Delays due to poor weather and Cyclone Gabrielle mean that stripping in new pirs at both mines was significantly delayed.</li> <li>• Fuel which increased at similar rates to export.</li> <li>• Labour costs have increased in line with contractual CPI adjustments.</li> </ul> SID partially offset NID by: <ul style="list-style-type: none"> <li>• Increased sales volumes and revenue lead to an increase in EBITDA from FY22.</li> </ul>

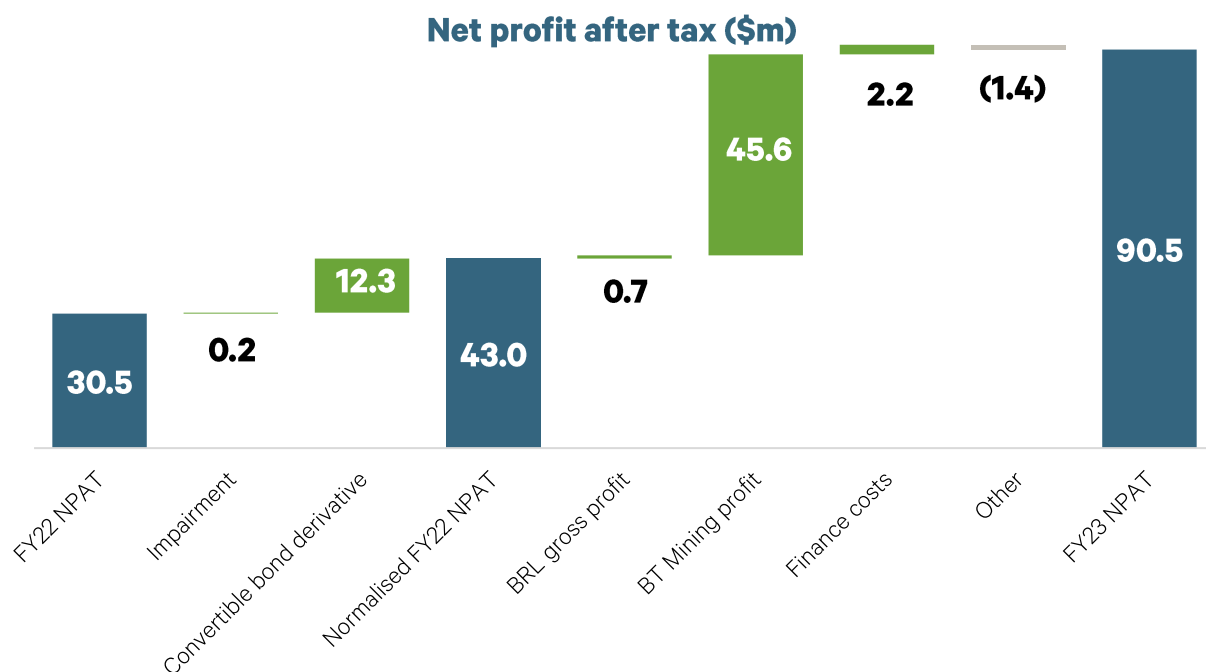
## Corporate

Corporate overhead costs included in the total group consolidated EBITDA increased year-on-year, \$17.7m FY23 versus \$15.5m FY22. This reflects an increase in Bathurst overhead expenses:

- Overhead and salary costs increased due to inflationary increases.
- Legal fees incurred in defending Bathurst against claims brought by L&M (refer note 23 of the financial statements).

## FINANCIAL RESULTS

Normalised profit increased in FY23, when prior year non-cash impairment and the fair value adjustment on convertible bond derivative are excluded.



Key movements in net profit after tax:

Fair value movement on convertible bond derivative	+\$12.3	The movement from the prior year reflects the valuation of the conversion option of the AUD convertible bonds, with an expense recorded as Bathurst's share price exceeded the strike price of the bonds. This was a non-cash item, with the other side to the expense recorded in issued equity. The bonds were converted to shares during the prior year.
BRL gross operating profit	+\$0.7m	Increase in sales volumes and revenue from the Takitimu mine.
Equity share of joint venture BT Mining profit	+\$45.6m	Increase from export operations driven by higher pricing received on sales, partially offset by a decrease in earnings for the North Island domestic segment. Refer to export and domestic operations overview for further information.

Finance costs	+\$2.2m	Reduction of interest paid on debt instruments, namely the prior year AUD convertible bonds derivative.
Other expenses	-\$1.4m	Inflationary increases in corporate administration and overhead salary costs that included short-term incentive performance payments in the current period.

## KEY GROWTH PROJECTS

Project location	Project type	Market	Project description
British Columbia, Canada	Exploration project in new mining area	Coking coal for steelmaking for the export market	High quality coking coal joint venture. See below for further detail.
South Island, New Zealand	Extension to existing operations	Coking coal for steelmaking for the export market	Drilling and consenting works continue at the Denniston plateau (West Coast of the South Island) projects to assess converting resources to reserves and completing feasibility studies.
North Island, New Zealand	Extension to existing operations	Steelmaking making coal for New Zealand Steel.	Rotowaro Extension of which drilling, consenting and economic feasibility is being assessed.

### Crown Mountain exploration project, Canada

A further \$0.7m was invested in the Crown Mountain project, a coking coal exploration project in Canada with joint venture partner Jameson Resources Limited. The funds were invested on a proportional equity basis as ordinary equity and were used to further the environmental assessment application.

Key findings of the bankable feasibility study on the project released in July 2020 reaffirmed the project as a high-quality coking coal opportunity with a competitive operating and capital cost structure, with access to existing common user rail and port infrastructure. Results of a yield optimisation study released in August 2021 has confirmed the potential for increased production and considerably improved economic outcomes of the project by increasing product ash levels which enables increased processing yield.

An environmental assessment process and consent agreement was executed with key indigenous nations in January 2023. The executed agreement includes innovative accelerated reclamation initiatives, best practice environmental design, management and monitors to ensure protection of the flora, for a and water quality.

Bathurst's equity share is 22.1 percent including preference shares, with the option to buy-in to 50 percent of the project at Bathurst's sole discretion.

## CASH FLOWS

		2023	2022
	<b>Opening cash (consolidated)</b>	<b>76.0m</b>	<b>20.2m</b>
<b>Operating</b>	EBITDA	166.4	104.4
	Working capital	(16.5)	(4.9)
	Canterbury rehabilitation	(1.6)	(3.8)
	Corporation tax paid	(26.3)	(4.5)
<b>Investing</b>	Deferred consideration	(1.2)	(2.3)
	Crown Mountain (environmental assessment application)	(0.7)	(0.8)
	PPE net of disposals	(16.0)	(8.1)
	Mining assets including capitalised stripping	(15.1)	(11.7)
<b>Financing</b>	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)
	<b>Closing cash</b>	<b>163.1m</b>	<b>76.0m</b>

### 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

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 progress the environmental application.

### Mining development including capitalised stripping

Spend has increased from the prior 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.

## LITIGATION

The legal actions bought against Bathurst by L&M Coal Holdings Ltd continue.

During March, the High Court dismissed the L&M Deed of Guarantee claim, ruling that first performance payment is not due under the terms of the contract. The Court held that L&M should have brought the argument under the guarantee in the first proceeding and that raising it in a subsequent proceeding was an abuse of process. In April, L&M Coal Holdings Limited subsequently lodged a notice of appeal on the High Court's judgement. We continue to believe, based on legal advice, that it is unlikely these claims will be successful.

This release was authorised for issue by the board of directors on 28 August 2023.

### Bathurst Resources Limited

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### Chief Executive Officer

Richard Tacon

### Directors

Peter Westerhuis – Non-executive chairman  
Richard Tacon – Executive director  
Francois Tumahai – Non-executive director  
Russell Middleton – Executive director

### Substantial holders at 30 June 2023:

Republic Investment Management Pte Ltd  
Talley's Group Ltd  
Crocodile Capital  
Chng Seng Chye

ASX Code: BRL

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