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BATHURST RESOURCES LIMITED

FY24 RESULTS ANNOUNCEMENT

- Full year consolidated EBITDA of $91m
- Consolidated cash including restricted short-term deposits $141m
- Consolidated net profit after tax of $38.5m

Financial measures (NZD)	2024 $m	2023 $m
Revenue[1]	315.1	389.0
EBITDA[2]	90.8	166.4
Net profit after tax	38.5	90.5
Underlying profit after tax	44.6	90.6
Cash	140.7	163.1
Reconciliation of underlying profit after tax to net profit after tax		
Underlying profit after tax	44.6	90.6
Impairment	(6.1)	(0.1)
Net profit after tax	38.5	90.5

CEO'S COMMENTS

For Bathurst Resources, FY24 was a year that was characterised by challenging conditions across our projects, and in some of the markets we service, impacting the financial performance of the company.

The consolidated FY24 EBITDA of $91m represents a reduction of $75m from the record high FY23 EBITDA results and was slightly below our full year consolidated EBITDA guidance of $95m to $105m. Similarly, our consolidated net profit after tax of $38.5m was also down on the previous year's results, which was directly attributable to a reduction in earnings in our export segment.

While still very profitable, our export business experienced a reduction in revenue as coal pricing stabilised from the high levels achieved in FY22 and FY23.

During FY24 coal benchmark prices fluctuated considerably, which saw the HCC benchmark price rise above USD $300 during March as supply remained tight out of Queensland due to low production and congestion at the ports at a time where Chinese buyers remained active. This period of high pricing was short lived, and prices corrected over the next 3 months as demand weakened from both China and India, closing at USD $234 at the end of June.

[1]Includes realised FX and coal pricing hedges on export sales. Unrealised movements in coal pricing and FX hedging goes through other comprehensive income.
[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.

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The reduction in export revenue was anticipated and to counter this considerable effort was made across the business to manage costs effectively in a time where inflationary pressures remain and continue to put financial pressures on operations worldwide.

Going forward, Bathurst's coal price hedging placed during the periods of higher pricing will provide a level of revenue certainty in a sometimes-volatile pricing market. The application of the hedging strategy which, over recent financial years and at times of significant price fluctuations, has enabled thorough capital and risk management while also providing significant supplementary revenue. The average price received per tonne in FY24 was NZD $297, which was a considerable drop from FY23 where we benefited from an average price of NZD $365. This drop in pricing directly impacted our earnings for our export segment

In addition to these challenging market conditions, our export segment also encountered unplanned operational challenges. These included rail outages caused by slips on the rail line from the Stockton mine to the Lyttleton port, which meant that there was an inability to rail stock to the port for extended periods throughout the year.

As a result, our shipping plan was amended to a reduced sales volume, and following changes to the mine plan and support from our valued customers, the revised shipping plan was able to be achieved. This outcome by our management and staff was even more commendable in the context of a further rail outage caused by a tunnel closure in June. Management was able to quickly implement a road freight plan, which enabled us to continue operations and fulfill the final shipment of the year and book the revenue.

Unfortunately, the tunnel remains closed. We are working with the owner, KiwiRail, to ensure a quick and safe return to normal operations. However, we have already forecast an adverse impact on the financial performance of the company for H1 FY25. This is reflected in the lower guidance we have provided to the market, targeting between $55m and $65m for the full FY25 period.

Our North Island segment also experienced operational delays caused by unplanned machinery outages and staff shortages due to a tight labour market for operators. This resulted in reduced overburden removal and production volumes, particularly in the new Waipuna West extension pit at the Rotowaro mine. It was encouraging however that stripping and production volumes improved significantly throughout the year, and we were able to continue to meet contracted sales.

Whilst we were unable to replicate the previous year's financial results, taking into account the challenging conditions, we were still able to deliver solid production levels at our projects in New Zealand and service our customers, including those in our export markets, representing a strong overall performance for Bathurst. We also made positive progress in Canada, where - in what was undoubtedly the success story for FY24 - Bathurst was very pleased to announce the acquisition of the Tenas coking coal project in Telkwa, British Columbia.

The purchase of the near-production steelmaking coal project is a significant step forward in the company's strategy to commit to near-production metallurgical assets, and in doing so, increasing investment in future growth opportunities in tier one markets. Production at Tenas is expected to begin as early as FY27 and is designed to increase our exposure to steelmaking coal while also providing significant new cashflows.

Looking forward, current coal pricing forecasts remain stable, albeit at the lower ranges that we have experienced in the previous year, but still at a level that allows our export segment to continue to perform. At these prices, our domestic segments will also continue to provide vital additional earnings as they progress in production in the new pits at both mines.

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Additionally, the proposed Fast Track legislation in New Zealand, aligned with a Resources Minister who supports the industry, should remove red tape for new developments and promote economic growth. This is hugely important to Bathurst as we are planning significant investment and development across of our New Zealand mines. With the right regulatory framework and attitude in government, this investment by the company has the potential to extend our current operations while also providing economic growth for the regions in which we operate.

OPERATIONS

Bathurst Resources is New Zealand's leading coal producer, and a major contributor to the country's overall energy supply, engaging in the development and production of coking and sub-bituminous coal in New Zealand. Bathurst also has an interest in two Canadian high quality coking coal exploration projects.

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

Measure		Export 2024	Export 2023
Production (100% basis)	kt	963	1,042
Sales (100% basis)	kt	1,106	1,197
Overburden (100% basis)	Bcm 000	5,418	4,996
Revenue incl. realised hedging (65% equity share)	$'000	213,213	274,181
Average price received per tonne (100% basis)	$/t	296.64	365.3
EBITDA (65% equity share)	$'000	79,910	154,097

Commentary:

Sales tonnes	Decrease in sales tonnes following changes to the shipping plan to allow for rail outages due to slips and a tunnel collapse between the Stockton mine and Lyttleton port.
Revenue	The average price received per tonne reduced year-on-year, NZD $297/tonne FY24 versus NZD $365/tonne in FY23. Export sales are a mix of being priced against the spot price or a prior 3-month average of the HCC benchmark (t minus 1). Realised hedging loss of $8m in FY24 versus a realised hedging gain in FY23 of $10m.
EBITDA	Reduced flowing the reduction in revenue, which was partially offset by the following key cost movements: The annual average fuel price decreased from the high prices experienced during FY23. Deduced rail freight costs due to lower tonnes being railed to port – which was offset by increased road freight costs following the Tawhai Tunnel collapse. Reduction in profit share for employees which is aligned to sales revenue. Costs have also increased due to a mix of underlying unit cost increases driven by continued global inflationary pressures.

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

Measure		Domestic 2024	Domestic 2023
Production (100% basis)	kt	744	792
Sales (100% basis)	kt	782	878
Overburden (100% basis)	Bcm 000	9,477	6,161
Revenue (equity share basis)	$'000	101,360	104,754
EBITDA (equity share basis)	$'000	30,297	30,053

Commentary:

Sales tonnes	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 also decreased slightly.
Overburden	Waste moved in advance has increased significantly at the Rotowaro & Maramarua mines (NID) as the striping in the new Waipuna West Extension & M1 pits progressed.
Revenue	Revenue decreased due to lower sales volumes which was partially offset by contracted price escalation.
EBITDA	EBITDA was impacted by delayed production at the North Island mines. ***NID primarily impacted by:*** Reduced production tonnes leading to sales volumes, which means the cost per tonne increases particularly at the Rotowaro mine which has a high proportion of fixed costs, particularly during the striping phase of the new pit, notably labour and repairs and maintenance which represent 60 percent of total cash costs. Operational delays due to mechanical downtime and labour shortages meant that stripping in new pits at both mines was significantly delayed. Labour costs have increased in line with contractual CPI adjustments. ***SID partially offset NID by:*** Increase in EBITDA from FY23 following lower costs of mining due to life of the mine and increased pricing on sales volumes.

Corporate

Corporate overhead costs included in the total group consolidated EBITDA increased year-on-year, $18.7m FY24 versus $17.7m FY23.

- Overhead and salary costs increased due to contracted and inflationary increases.
- Increased consultant costs incurred in project planning and development on extension projects for both Bathurst and BT Mining.
- Increased costs associated with health and safety consultants and compliance.
- Recruitment costs have increased as we look to grow our workforce across our mines in development.

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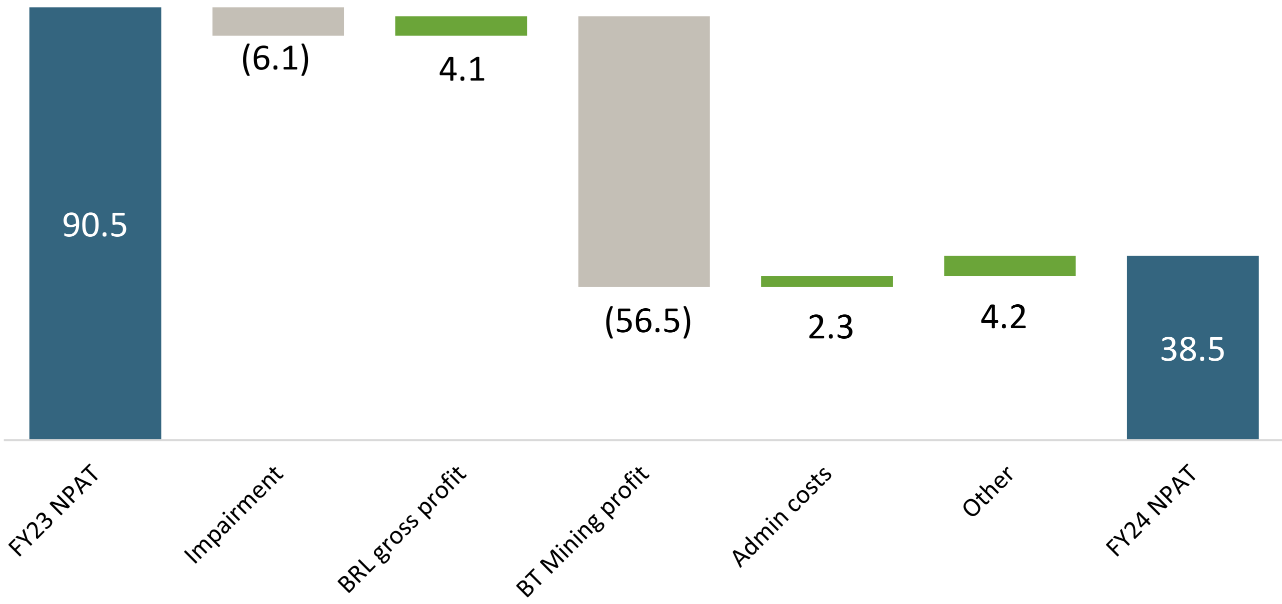
Net profit after tax ($m)



FINANCIAL RESULTS

Key movements in net profit after tax:

Impairment	-$6.1m	Impairment of mining assets at the Takitimu mine as operations near the planned end of production and mine closure in FY26.
BRL gross operating profit	+$4.1m	Increased gross profit at the Takitimu mine due to increased sales revenue and lower costs of mining.
Equity share of joint venture BT Mining profit	-$56.5m	Reduction in EBITDA predominantly driven by a reduction in the benchmark price which revenue is derived, which has seen the average price received per tonne drop from $365 in FY23 to $297 in FY24. This was also coupled with operational delays in both the export and North Island domestic segments which saw reduced sales volumes.
Admin costs	+$2.3m	Reduction in legal fees incurred in defending Bathurst against claims brought by L&M.
Other expenses	+4.2$m	Fair value movement in deferred consideration, depreciation and finance costs.

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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	Prefeasibility works continue at the Denniston plateau and Stockton Mine (West Coast of the South Island) projects to assess converting resources to reserves, completing prefeasibility studies and applying for resource consents through the Fast Track Approvals process.
North Island, New Zealand	Extension to existing operations	Steelmaking making coal for New Zealand Steel.	Rotowaro Extension project work continues to complete prefeasibility studies and applying for resource consents through the Fast Track Approvals process.

Crown Mountain exploration project, Canada (BRL 22.1%)

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. During the year, a further $0.8m 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.

In January 2024 the project's Environmental Impact Statement (EIS) and Environmental Assessment Application (EA) passed the Impact Assessment Agency of Canada's conformity review process. This allows the project to proceed to the next regulatory phase, which is the EIS review phase.

Tenas coking coal project, Canada (BRL 100%)

On 22 December 2023, Bathurst completed the purchase of the Tenas coking coal project in British Columbia, Canada. The Definitive Study Results (DFS) for the project were published in March 2019 and reinforce the potential of the Telkwa metallurgical coal complex. The project is expected to produce 750kt of saleable coal per annum once in production and have a mine life of 22 years. Once of the attractive features of the project is the low strip ratio of 3.6:1 BCM/t, which enables the project to be one of the lowest cost producing metallurgical coal mines on the seaborne market. The mine is expected to enter production in FY27.

The Tenas Project is in the pre-application phase of permitting. In February 2022, the Application for an Environmental Assessment Certificate in relation to the Tenas Project was filed with the Environmental Assessment Office of British Columbia. The Tenas project is currently in the completion review process with the BC-EAO. While the 2002 Act was amended by the BC Environmental Assessment Act 2018 (2018 Act), which amongst other things introduced a new process for the review of such applications, the transitional provisions of the 2018 Act allowed the Tenas Project to be reviewed under the 2002 Act.

CASH FLOWS

		2024	2023
	Opening cash (consolidated)	163.1m	76.0m
Operating	EBITDA	90.8	166.4
	Working capital	(10.2)	(16.5)
	Canterbury rehabilitation	(0.5)	(1.6)
	Corporation tax paid	(51.5)	(26.3)
Investing	Deferred consideration	(1.3)	(1.2)
	Crown Mountain (environmental assessment application)	(0.9)	(0.7)
	PPE net of disposals	(16.9)	(16.0)
	Mining assets including capitalised stripping	(34.1)	(15.1)
Financing	Finance leases	(4.8)	(4.1)
	Financing income/(costs)	7.0	2.2
	Closing cash	140.7m	163.1m

Consolidated EBITDA

EBITDA decreased from FY23, driven by a lower average export coal price on export sales and reduced sales volumes due to the multiple rail outages from the Stockton mine to Lyttleton port.

Working capital

The timing of sales, and in particular the number of export shipments in June 2023 compared to this year has resulted in a decrease in trade debtors.

Corporation tax paid

Increase in corporation tax paid which reflects the timing of tax obligations on increased taxable operating profits from FY23 as well as FY24 income tax obligations.

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.

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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 as well as the purchase of the Tenas project assets in British Columbia.

Financing income

Increased interest received on cash balances and deposits held.

CORPORATE

Dividends

No dividends were paid or declared during the year.

Q4 results presentation

Following the earlier release of the quarter 4 results announcement, Richard Tacon (Bathurst Resources CEO) presented the results and business update online.

A link to the presentation recording is available here:

https://bathurst.co.nz/investors-news/news/quarter-4-results/

This release was authorised for issue by the board of directors on 26 August 2024.

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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 2024:

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

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