

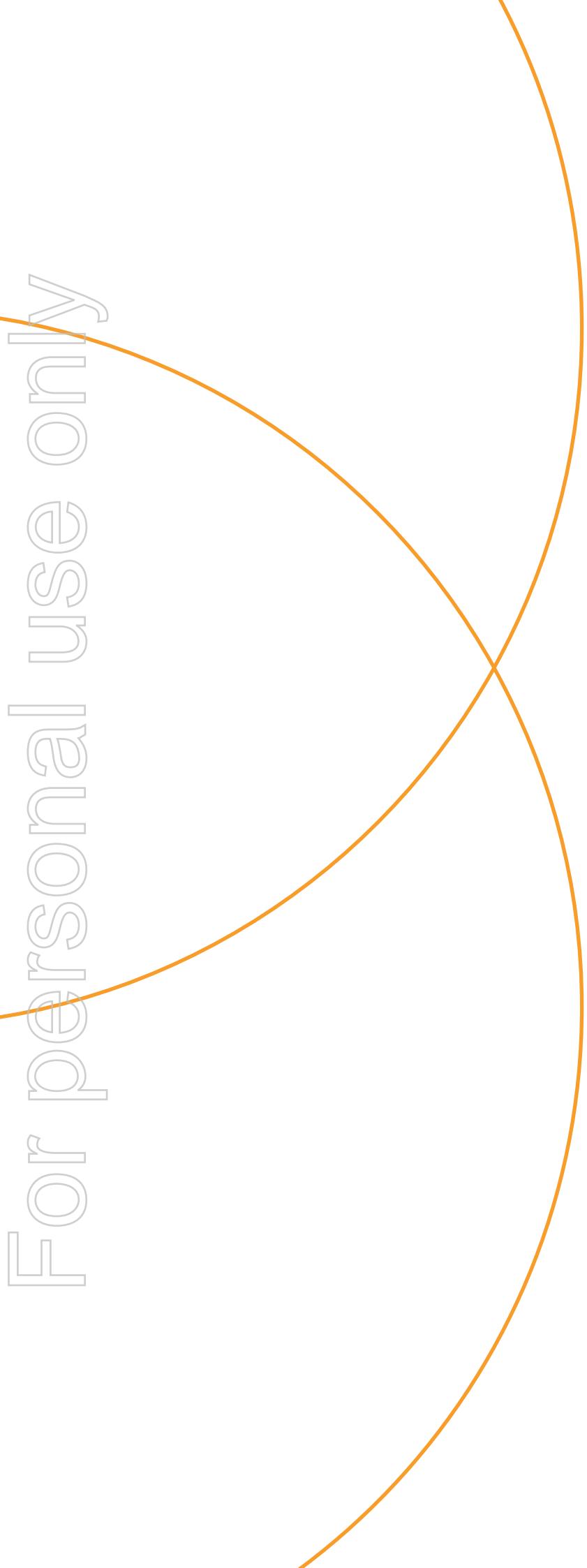
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2022 Annual Report

 BATHURST
RESOURCES LIMITED



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Year in review

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Bathurst at a glance

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Asia-Pacific
Export coking
coal sales \approx 1.1Mt

New Zealand
Production \approx 2Mt
Sales \approx 0.9Mt



“

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

Indicative production and sales tonnes are those under Bathurst management.

2022 key statistics

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Operational (BRL & 100% BT Mining)

Total coal sales

2.0Mt

-10% 

Coal used for steelmaking

1.5Mt

-4% 

Coal used for electricity

0.1Mt

-33% 

Coal used for food production and other local industry

0.4Mt

-20% 

Overburden removal

11.7M Bcms

-40% 

Other (BRL & 100% BT Mining)

Employees

> 550

Contributed to NZ economy

\$313m

35% 

Scope 1 & 2 emissions

0.047t co₂e

Per tonne of coal produced

LTIFR

1.7

Per million hours worked

TRIFR

8.6

Per million hours worked

Financial (BRL & 65% BT Mining)

Revenue

\$295m

39% 

Revenue from domestic sales

\$102m

-12% 

Revenue from export sales

\$193m

99% 

EBITDA

\$104m

76% 

Net profit

\$30m

-54% 

Operating cash flows

\$91m

110% 



Chairman and CEO's report



Peter Westerhuis

Chairman



Richard Tacon

Chief Executive Officer

Nau mai and welcome

Resilience has been a byword in our recent annual reports, as we faced and addressed a wide range of challenges, including the COVID pandemic. This year we take a step further and celebrate our achievements in future-proofing the company for further growth, including an exceptional increase in our earnings and cash levels.

Strong earnings due to high export coal prices

Record export coal prices resulted in a financially successful year for us, building on the successful defence in the Supreme Court last year against a legal action brought against us by L&M Coal Holdings Ltd. Our improved financial position saw our consolidated EBITDA rebound from \$59.5m in FY21 to \$104.4m in FY22, and our consolidated cash increase from \$20.2m to \$76.0m. These events have positively impacted our share price and our market capitalisation on the ASX.

Valuing our people

Our people are front and centre to our business. Recognising this we began a people focused programme of work that began last year with the development of our values. This has led to a number of tangible workstreams over FY22, including a programme which steps up personal development plans for our workforce recognising we need to not only recruit but develop and retain our people. We are proud to include a solely people focused section of our annual report this year which delves further into the exciting work happening in this space, which you can find later in this annual report.

Growth projects

Ongoing demand from domestic customers requiring quality coal to supply their steel and energy producing needs has translated into the commercially structured Waipuna West extension ("WWE") to the Rotowaro mine. Subject to resource consent and final contract approval, the project extends Rotowaro's life-of-mine by a further three years based on current production levels. It will support three of New Zealand's largest companies, and provide approximately 175 on-site jobs for locals in the Waikato region, as well as additional work for contractors.

The terms of the agreement mean the project is structured as a commercial partnership with the risks and rewards of the project being shared, and enables access to stable domestic coal supply to mitigate volatility and logistics risks in the international coal market. There is no material capital outlay required as the fleet from the current operations can be utilised.

The WWE project allows for further exploration and investment for future supply to align with market requirements, as New Zealand transitions away from coal used for electricity generation and processing heat purposes.

How our export coal helps reduce global CO₂ emissions

Via independent verification of an analysis of our export coal, as detailed in one of our case studies in this annual report, we have been able to validate that overseas steelmakers using Stockton coal avoid emitting 315,000 tonnes of CO₂ per year because of the unique properties of our coal.

This is an important result – it means that Stockton is part of international efforts to curb greenhouse gas emissions, a strong argument for extending the life-of-mine at this site. Which in turn is a supporting argument for our wider Buller Plateau growth project strategy.

Restoring the land

Being responsible caretakers of the land we mine is just as important during the mining phase, as well as after mine closure. Stockton provides an example of the former, in which former waste rock dumps are being turned into natural wetlands, tarns and indigenous shrubland of species typical of the plateau.

The Canterbury mine which closed last year has been transformed through earthworks and restorative planting that have rehabilitated the site into being suitable for its former uses of pastoral farming and plantation forestry. Further detail of the exceptional rehabilitation work done here can be found in one of our case studies, in the sustainability section of this annual report.

Investor confidence

As a result of responsive financial and operational management in this and previous years, we are seeing strong investor confidence in Bathurst, evidenced by debt holders electing to convert their collective AUD \$10m convertible bonds into shares in May 2022. They turned down the option of a buyout at a five percent premium in addition to the original face value of the debt, reflecting the significant rise in our share price since these instruments were issued back in February 2021.

Canadian coking coal project

Our interest in the Crown Mountain coking coal joint venture project in British Columbia, Canada, is going from strength to strength. This year saw submission of the environmental application following extensive engagement with local communities and indigenous peoples. All going well, first production is expected towards the end of 2026.

New opportunities

Last year we communicated that we would consider leveraging the strong coal mining core of our business to contemplate other opportunities. This has developed into a more formal programme of strategic consideration of other potential resource prospects, both in New Zealand and offshore.

Whilst we are still in the preliminary phase, we did take the opportunity to secure a minerals prospecting permit for a tenement in the middle of the North Island of New Zealand which covers a range of metals, including lithium. Whilst work has not yet begun on this project, it could provide an additional avenue for revenue in the future.

We are committed to continuing our search for sustainable and rewarding opportunities in the near term.

Celebrating excellence

The announcement that we are finalists in three award categories at the New Zealand Minerals Sector Awards 2022 is a testament to the quality work being done across a number of areas in our business.

We have one finalist in the ESG category, covering how the acid mine drainage prediction and prevention work done at our Canterbury mine has led to improved mine closure. In health and safety, our submission detailed how our company wide occupational hygiene knowledge capacity building programme is improving the health and safety of our people. Last but not least, in the innovation category we highlighted our proactive steps taken to better support our people during widespread community transmission of COVID.

Looking ahead

Our results over the past few years have proven that we are well placed to manage the volatility inherent in an industry such as ours, partly through our strategic divestment of risk through operating in different coal sectors, but also through the skill of our management team and the awareness that we always need to plan ahead.

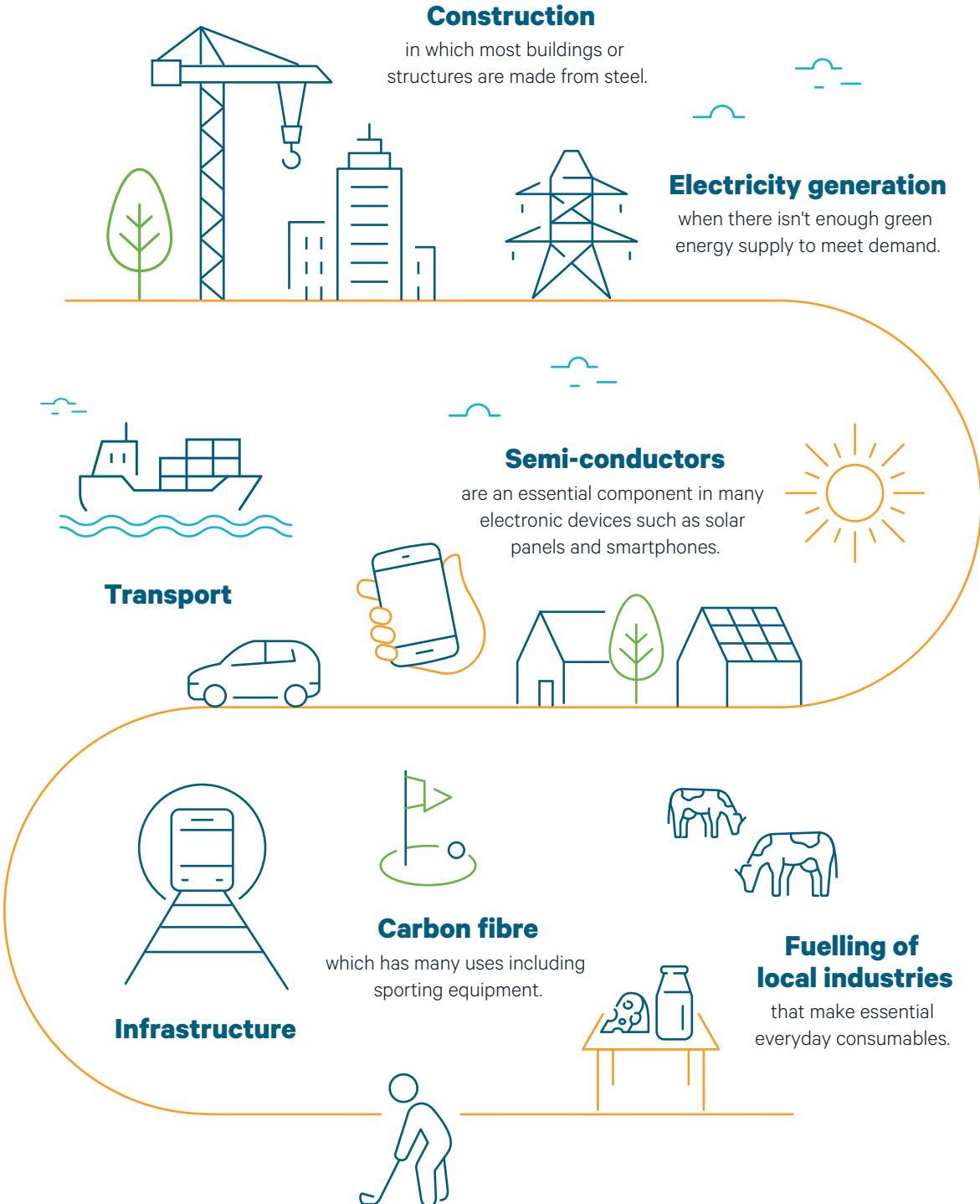
We begin the new financial year in the strongest financial position we have ever been in and look forward to delivering another strong set of results next year.

Peter Westerhuis
Chairman

Richard Tacon
Chief Executive Officer

How is our product used?

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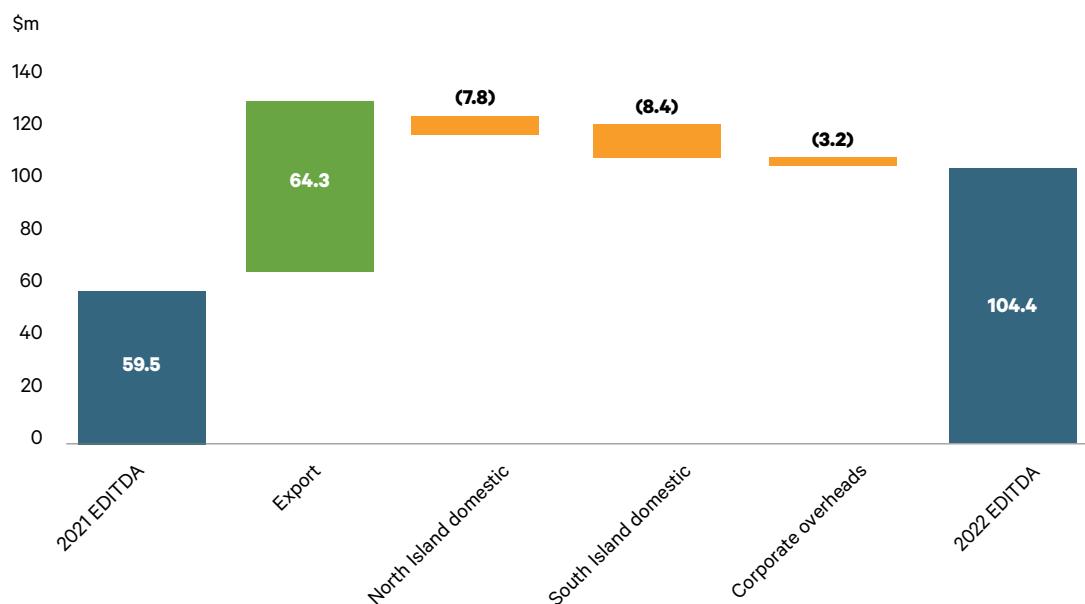
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Financial and operating overview

The key headline for FY22 is a long-awaited recovery in our export coal pricing, with a slight retraction in our domestic segment.

Consolidated¹ EBITDA²



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¹Consolidated in this section means 100 percent of Bathurst and 65 percent equity share of equity accounted joint venture BT Mining

²EBITDA 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.

Strong financial results

Reconciliation of underlying profit to EBITDA

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

	Note	2022	2021
Underlying profit (non-GAAP)		43.1	14.7
Add back			
Fair value movement on derivatives		(12.3)	1.1
Buller coal project deferred consideration	15 (c)	-	73.2
Impairment	8	(0.3)	(22.3)
Statutory profit		30.5	66.7
Add back			
Equity share of joint venture results	13	(53.2)	(13.2)
Depreciation and amortisation		6.0	6.1
Net finance costs/(income)	6	2.7	(14.1)
Movement in deferred consideration	15 (c)	(0.4)	(59.4)
Fair value movement on derivatives	15 (b)	12.3	(1.1)
Impairment		0.3	22.3
Non-cash movement in rehabilitation provision	16	0.7	3.0
Bathurst EBITDA (non-GAAP)		(1.1)	10.3
Add back			
Equity share of BT Mining EBITDA		105.5	49.2
Consolidated EBITDA (non-GAAP)		104.4	59.5

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.

	Unit	2022	2021
Operational metrics (100 percent basis)			
Production	kt	913	938
Sales	kt	1,023	1,088
Overburden	Bcm 000	4,446	3,685
Financial metrics (65 percent equity share)			
EBITDA	\$'000	83,398	19,112
Other metrics			
Average HCC benchmark	USD/t	374	116

Financial performance

The current year results primarily reflect a significant rise in the hard coking coal ("HCC") pricing benchmark that our export sales are priced against, from an average USD \$116 per tonne FY21 to USD \$374 per tonne FY22.

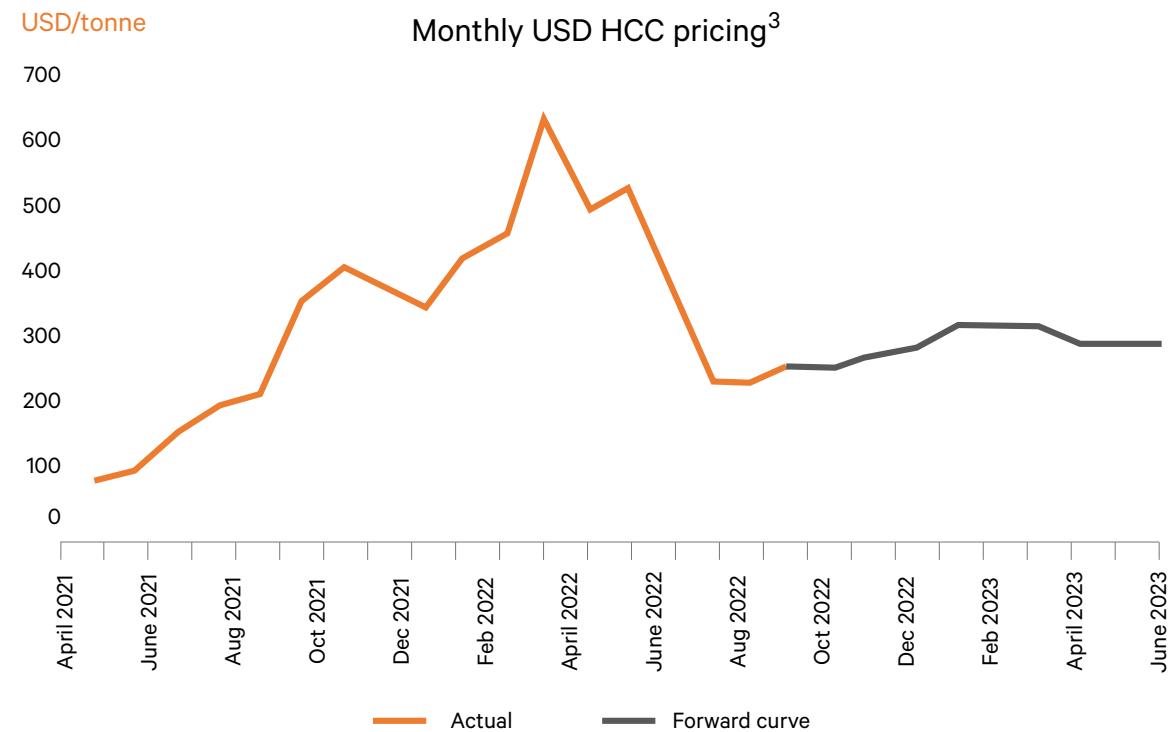
The pricing recovery began in June 2021 as the global economy began to re-open after COVID related lockdowns, which increased demand against a tight supply and limited spot cargo availability. Pricing continued its upwards trend, reaching record highs in Q2 and into Q3. This was driven by coal supply being impacted in Australia due to heavy rainfall and COVID impacted worker availability, and then further disrupted by the war in Ukraine, against a continued robust demand due to COVID related stimulation packages.

Partially offsetting increased revenue was an increase in the cost base, reflecting the national and wider global trend of increasing inflation, COVID related supply chain disruptions, labour supply shortages, and macro market impacts from the war in Ukraine affecting the price of fuel as well as other commodities. The average rate of inflation increased to 7.3 percent for the 12 months to 30 June, and fuel costs more than doubled since the beginning of the financial year. These cost pressures impacted all of our operating segments.

Realised coal price hedging expense also partially offset the uplift in the HCC benchmark. Actual pricing levels during FY22 significantly exceeded the market consensus of forward pricing when the hedges were initially set. We are seeing this trend reverse in FY23 as the export price gradually reduces to more sustainable levels, which is reflected in a hedging derivative asset (fair value gain) position at year end.

Despite disruptions to normal coal supply routes due to the war in Ukraine, which saw cheap Russian coal moving into new markets, demand for our coal was unaffected.

HCC benchmark outlook



³Monthly actual export pricing based on a monthly average of the S&P Global Platts Premium Low Vol daily spot pricing. Forward curve based on 3 October 2022 S&P Global Platts derivatives assessments.

Operational highlights

Despite multiple flooding events and COVID related disruptions, Stockton was able to meet its contracted sales for the year, noting that one shipment slipped into early July due to weather related delays outside of our control. This reflects a concerted team effort from all parts of the operation. The high coal prices also enabled the utilisation of contractors to recover coal on the margin of the pit that would not have otherwise been economical to access.

To help future proof the mine against future adverse weather events, improvements were made to water management, roading, and the aerial ropeway which transports coal from the plateau down to the rail loadout facility. Works to the aerial ropeway included replacement of one of the aerial towers, and remediation works on one of the main structures.

The main CAPEX project was the McCabe coal fines storage area, that will replace the A-18 fines storage facility. This is due for completion in early FY23. Construction of a new water treatment sump that will treat water from the Mine Creek, Granity and Miller stream catchments is a key focus for next year, which will result in water quality improvements in the Ngakawau estuary.



After the large spike in pricing through March and April due to the war in Ukraine alongside the already constrained supply out of Australia due to COVID and ongoing wet weather, prices started falling back to more sustainable levels, levelling out at approximately USD \$240 per tonne in July and August. At the time of finalising this report pricing was averaging USD \$255 per tonne, with the 3 October 2022 S&P Global Platts Premium Hard Coking Coal forward curve predicting pricing levels around USD \$300 per tonne through to June 2023.

Whilst pricing volatility is likely, the outlook remains positive due to ongoing tight supply with some met coal shifting to the buoyant thermal market, and with coal production still lagging behind previous levels.

Key macro market factors expected to influence future pricing are:

- The war in the Ukraine and associated sanctions which continue to impact the market with coal trade routes shifting from historical destinations, with increased volumes of Russian coal moving into India and China.
- The Chinese steel market remains relatively weak with ongoing COVID lockdowns impacting demand. It is expected government stimulus will help lift economic activity including the real estate market which will drive steel demand.

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 synergise with Stockton's infrastructure assets which include a coal handling and preparation plant and a rail loadout facility.

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

A multi-criteria analysis was completed during the year which determined what range of possible projects to take forward for further viability assessment. This included completion of blending options analysis, to determine the optimal blend of coal between the different projects.

The focus for FY23 is completion of the Escarpment mine planning to enable commencement of operations under a favourable pricing scenario, given the site's high strip ratio. The advancement from desktop design to conceptual options for the Upper Waimangaroa haul road is also to be progressed. The haul road would connect the Denniston plateau to the infrastructure at the Stockton mine.

Stockton organic growth projects (65 percent equity share)

The key focus for FY22 was development of the Hope Lyons block, which progressed well and is ahead of schedule. A small amount of coal was won in July 2022, which will progressively increase as development of the pit progresses.

Key project focus areas for FY23 are:

- Drilling and development of water management structures for the development of the Rockies North pit, which is an extension of a currently mined area. Coal is expected to be won from Q2 of FY23 onwards.
- Development of the Cypress South pit, a new pit area. Project focus will be on the haul road, vegetation stripping, and water management structure, with coal winning expected in FY24.

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 2022	NID 2021
Production	kt	738	806
Sales	kt	687	768
Overburden	Bcm 000	5,534	13,258
Financial metrics (65 percent equity share)			
EBITDA	\$'000	27,383	35,151

Financial performance

The decrease in EBITDA year-on-year is due to 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. Costs increased due to a combination of:

- inflation driven cost increases as covered in the export commentary;
- fuel which increased at rates similar to export;
- labour costs that increased in line with contractual CPI adjustments and a tight labour market that necessitated utilisation of contractors at higher rates; and
- the mines moving closer to the end of their mine life, with costs net of capitalised stripping naturally increasing as there is a certain level of fixed costs incurred, relevant to production and overburden stripping volumes. Rotowaro in particular has a high proportion of fixed costs, notably labour and repairs and maintenance which represent approximately 60 percent of total cash costs.

Operational highlights

There were several operational disruptors during the year, which required a co-ordinated effort to ensure the mines could continue to meet their sales obligations.

Wetter weather than usual was a consistent issue which increased operational downtime. Significant rainfall in June also contributed to an extensive slip in Maramarua’s pit, which impacted coal supply into August. Favourable coal winning compared to rates modelled at Rotowaro meant sufficient coal was won despite overall reduced overburden stripping volumes.

The impact of the slip at Maramarua was reduced due to the ability to temporarily meet Maramarua sales with Rotowaro coal. A plan to recover the slip material is in progress and includes an additional excavator and trucks to allow a third plant group to move the slip material. Going forward stock on hand levels will be doubled to increase contingency levels.

COVID related absences also had an impact, although this was largely mitigated through effective forward planning to identify critical roles and alternative operating schedules.

A key CAPEX project was the construction of a stream diversion to allow access to coal reserve. Progress was delayed due to COVID, and weather also impacted both operational hours, as well as the amount of stripped material available from other parts of the mine to be used for construction. The project is largely back on track.

In anticipation of the approval of the Waipuna West extension (“WWE”) at the Rotowaro mine, mine staff were retained and utilised on other CAPEX/rehabilitation projects. An investment was also made in training simulators to assist with the health and safety and onboarding process in preparation for the increased FTE required for the WWE.

Growth projects

Waipuna West extension (Rotowaro mine)

Detailed planning is well advanced to commence operations, which will see a three-year extension (based on current production/sales volumes) to mining operations. The coal is destined for the same customer base as existing Rotowaro sales.

Customer negotiations are complete, with contracts ready for final approval, and final resource consents expected FY23.

M1 pit (Maramarua mine)

Due to the Resource Management (National Environmental Standards for Freshwater) Regulations Act, the pit design has been modified to preserve areas identified as inland natural wetlands. A new resource consent application was submitted, and iwi and stakeholder consultation is well advanced.

The project is scheduled to start in FY23 on approval of consents, with the coal destined for the same customers as current operations.

Rotowaro North (Rotowaro mine)

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

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

South Island domestic

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

The Canterbury mine which used to be part of SID ceased operating at the end of June 2021 and was rehabilitated during the year. Refer to a case study on the rehabilitation works in the sustainability section of this annual report.

Operational metrics	Unit	SID 2022	SID 2021
Production	kt	226	303
Sales	kt	248	330
Overburden	Bcm 000	1,751	2,624
Financial metrics			
EBITDA	\$'000	9,128	17,493

Financial performance

The decrease in earnings for SID was driven by:

- The closure of the Canterbury mine. This contributed \$3m EBITDA in FY21.
- Reduction in earnings from the distribution centre – net freight revenue margins were eroded from the steep increase in fuel costs, and an increase in government levies.

There was a marginal decrease in earnings at the Takitimu mine year-on-year. Sales volumes increased slightly leading to increased operational efficiencies which helped to offset the underlying cost input increases, as detailed in the export commentary section. The Takitimu mine also has a much lower strip ratio and is operationally smaller than the other mines so cost increases do not impact the mine as much as our other sites.

Operational highlights

2022 was another successful year for the Takitimu mine from an operations perspective. COVID did have an impact, however despite this the mine's key operational targets were largely to plan.

Progress was made on rehabilitating the historic overheight overburden area; this is due for completion early 2023.

Growth projects

New Brighton project

The New Brighton permit is located 4 kilometres west of the current Takitimu operations. Drilling was completed in August 2021. Baseline studies and assessment of the environmental affects have been finalised ahead of submitting the resource consent application.

Corporate

Corporate overhead costs included in the total group consolidated EBITDA increased year-on-year, \$15.5m versus \$12.3m. This reflects an increase in Bathurst overhead expenses:

- Overhead salary costs increased from short term performance incentives.
- Legal fees incurred in defending Bathurst against claims brought by L&M (refer note 23 of the financial statements).



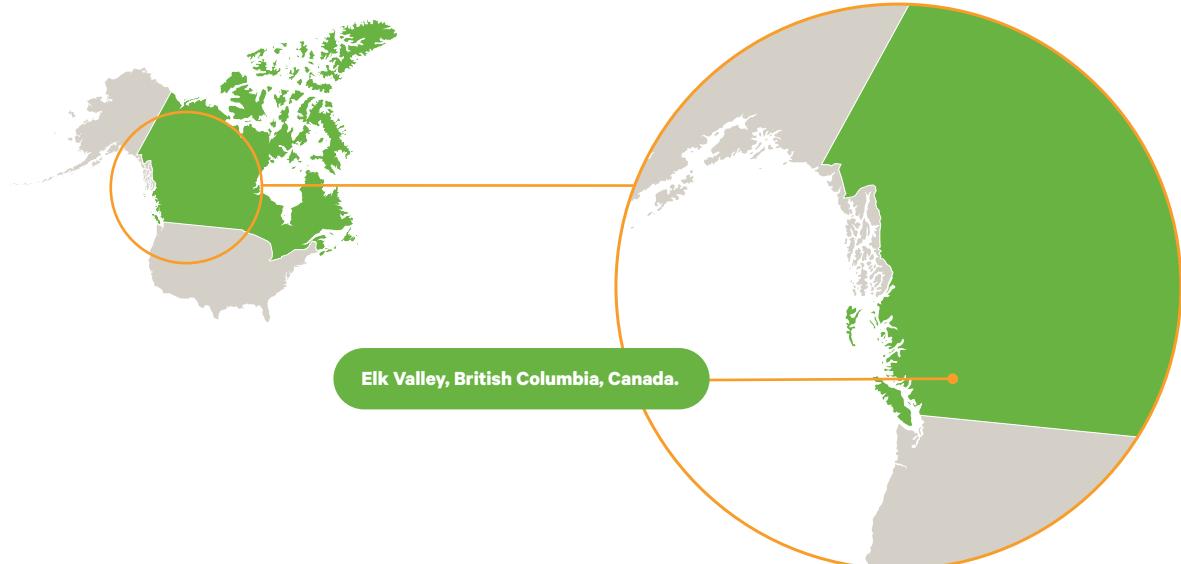
Crown Mountain, Canada - coking coal growth project

Located in a mature mining region in British Columbia, Canada, with well-established transport infrastructure, Crown Mountain is a joint venture with Jameson Resources Limited ("JAL"). Project buy-in is over three stages (worth CAD \$121.5m) to achieve 50:50 ownership, with future investment at our sole discretion.

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

Highlights

- The environmental application was submitted in May 2022. Assuming all critical path items are executed on schedule, with funding available as required, production is expected to commence late 2026.
- Key findings of the bankable feasibility study released in July 2020 by JAL reaffirmed the project as a high-quality coking coal opportunity with a competitive operating and capital cost structure.
- Results of a yield optimisation study released in August 2021 by JAL has confirmed the potential for increased production and considerably improved economic outcomes of the project.



Consolidated cash flows

		2022 \$m	2021 \$m
Opening cash		20.2	26.0
EBITDA		104.4	59.5
Operating	Working capital	(4.9)	1.8
	Canterbury rehabilitation	(3.8)	-
	Corporation tax paid	(4.5)	(18.2)
Investing	Deferred consideration	(2.3)	(4.6)
	Crown Mountain (environmental assessment application)	(0.8)	(0.8)
	PPE net of disposals	(8.1)	(6.3)
	Mining assets including capitalised stripping	(11.7)	(20.5)
Financing	Finance leases	(8.5)	(9.9)
	Interest repayment on AUD convertible bonds	(1.3)	(2.2)
	Borrowings repayments	(2.6)	(4.2)
	Financing costs/other	(0.1)	(0.4)
Closing cash		76.0	20.2

Canterbury rehabilitation

The mine was closed at the end of June 2021, with rehabilitation due to be complete Q1 FY23.

Corporation tax paid

FY21 tax paid in FY22. FY22 tax was paid post year end in July 2022.

Deferred consideration

Payments for the year consisted of royalties on Takitimu mine sales, and a final payment in November relating to the acquisition of the BT Mining assets.

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 decreased from the prior year comparative period due to the Rotowaro mine's strip ratio decreasing as the mine moves into the mature end of its Waipuna West pit.

Borrowing repayments

The final repayment of funding received in advance from customers for stripping activities for the Waipuna West pit (Rotowaro mine).



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People and culture

For the first time this year, we are including a section in our annual report that is dedicated to highlighting the steps we are taking to help make us an employer of choice, and ensure we continue to recruit, retain and reward a workforce that is integral to the long term success of our business.

Put simply, we are our people. The following pages outline some of the recent key people focused initiatives completed and underway.

COVID response

The wellbeing of our people continued to be our priority as we navigated the impacts of COVID on our workforce. Since the pandemic began, we have:

- ensured our sites had the information they needed to keep operating;
- brought in additional measures to keep our people safe from COVID exposure while at work;
- kept our people up-to-date, providing daily updates at our pre-shift meetings and via email;
- provided paid time off work for people who wished to be vaccinated; and
- we partnered with the West Coast District Health Board to run a vaccination weekend drive in Westport, as part of our community support.

In February 2022 as New Zealand experienced its first widespread community transmission of COVID, we introduced COVID leave for all employees which granted up to 10 days of additional paid leave if our staff were required to isolate due to the virus. This allowed our people to focus on getting well and/or supporting their whanau. Early notification to payroll provided ongoing financial support, as well as critical oversight of employees affected so that we could deploy resources and modify operations to enable as smooth continuation of operations as possible.

As part of the COVID leave system, our people were able to access immediate support and real-time leave advice during isolation. We created a robust process for people returning to work, making sure employees were fit and able to carry out their respective duties.

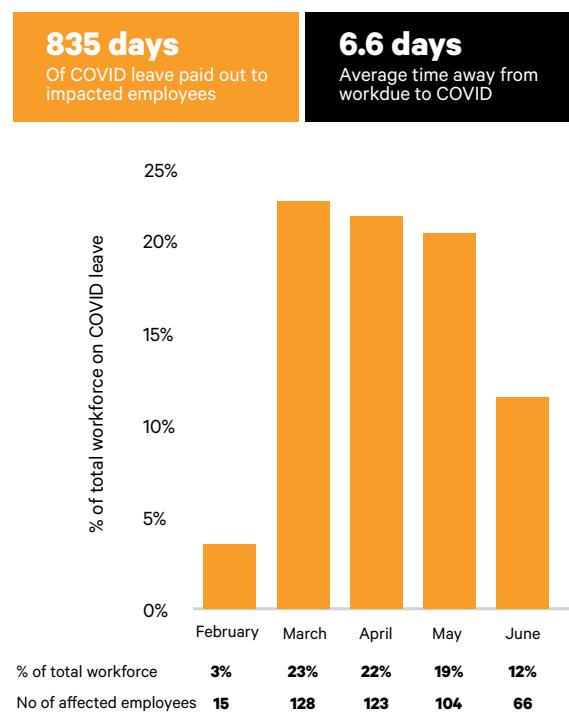
Impact of COVID on our people

The chart below shows the aggregate impact of COVID across all Bathurst and BT Mining offices and sites, per month, as a percentage of full time employees.

The data highlights the dramatic impact COVID has had on all our sites, since February 2022 when widespread transmission of the virus in New Zealand began.

The challenge has been proactively met by our mine managers and senior leadership team, who implemented mitigation strategies aimed at reducing the risk to our people and our business, while keeping our mines operating.

We are pleased to report that to date, no sites have needed to close due to the impact of COVID.



Our people strategy

Organisational Performance SOI People Vision 3 PILLARS Operational Excellence (outcomes summary) People Plan	Our success is ...			
	Financial efficiency & stability, & future focussed business interests	Enhanced external stakeholder relationships	Effective & efficient workforce planning	Engaged, fit for purpose workforce
	Which comes through delivering to our vision			
	High performance culture	Future focused knowledge & skills	Employee experience focus	
Which is based on managing and enhancing operational excellence through				
Operational delegations & accountability - increased transparency of throughput & quality	Brand & reputation management - refreshed brand & developing cultural awareness	Enhanced people policies & practices. Future focused capabilities & resourcing	Total rewards programme as foundation for employee experience	
Stakeholder relationship management - skills & knowledge development	Leadership Excellence			
And as 'people' are the building blocks of Bathurst, we focus on				
Creating the conditions for our workforce to be supported by strong leadership skills	Workforce planning - right skills in the right place at the right time	Culture of high performance & accountability - more rigorous attention to people systems, reporting & metrics		

We launched our people strategy to highlight where we can have the greatest positive impact on our employees' experience at work, as well as their operational effectiveness and efficiency. The strategy also supports our strategic objectives, recognising that we do not have a business if we do not have our people.

The strategy has a particular focus on succession planning and managing staff turnover. This recognises a growing shortage of local skills and talent which was exacerbated by New Zealand's strict COVID related border closures. It also recognises that issues such as sustainability, climate change and ESG (environmental, social, and governance) continue to impact our ability to attract new talent from our local market.

Given the recent easing of the New Zealand border controls, we are focused more than ever on attracting much-needed talent from offshore. We have successfully met the updated requirement for retaining our Employer Accreditation status with Immigration New Zealand. And we are working closely with industry recruitment experts, having established new processes aimed at attracting talent to fill our vacancies.

The key pillars of our people strategy focus on employee experience, enhancing our high performance culture, and future-focused knowledge and skills.

Our values



We established our values in 2021, and subsequently we have started to integrate our values into our every day. Design elements in our communications build a unique reference point for each value, to embed them across all people-related policies, processes and initiatives, including our development programme. A critical part of this is bringing our people on board with us as we do this to ensure people can relate to and live our values.

We see our values as fundamental to us achieving our company vision, and over time, will become core to our ways of working.

My development programme

Future-focused development of our people's skills and knowledge is a key area of our people strategy. Among the initiatives launched was the introduction of an online professional development programme. This helps formalise development conversations between staff and their managers, and provide a pathway forward to ensure our employees are getting the professional development they aspire to.

Technology as an enabler

To further promote people focused initiatives, the people and culture team procured and developed a digital platform which hosts many of our people-related processes. Future priorities include:

- improving transparency across workforce management;
- mitigating critical person/role risks through ensuring appropriate backfill and succession planning; and
- enabling better reporting to assess improvements and success against reliable metrics.

Diversity and inclusion

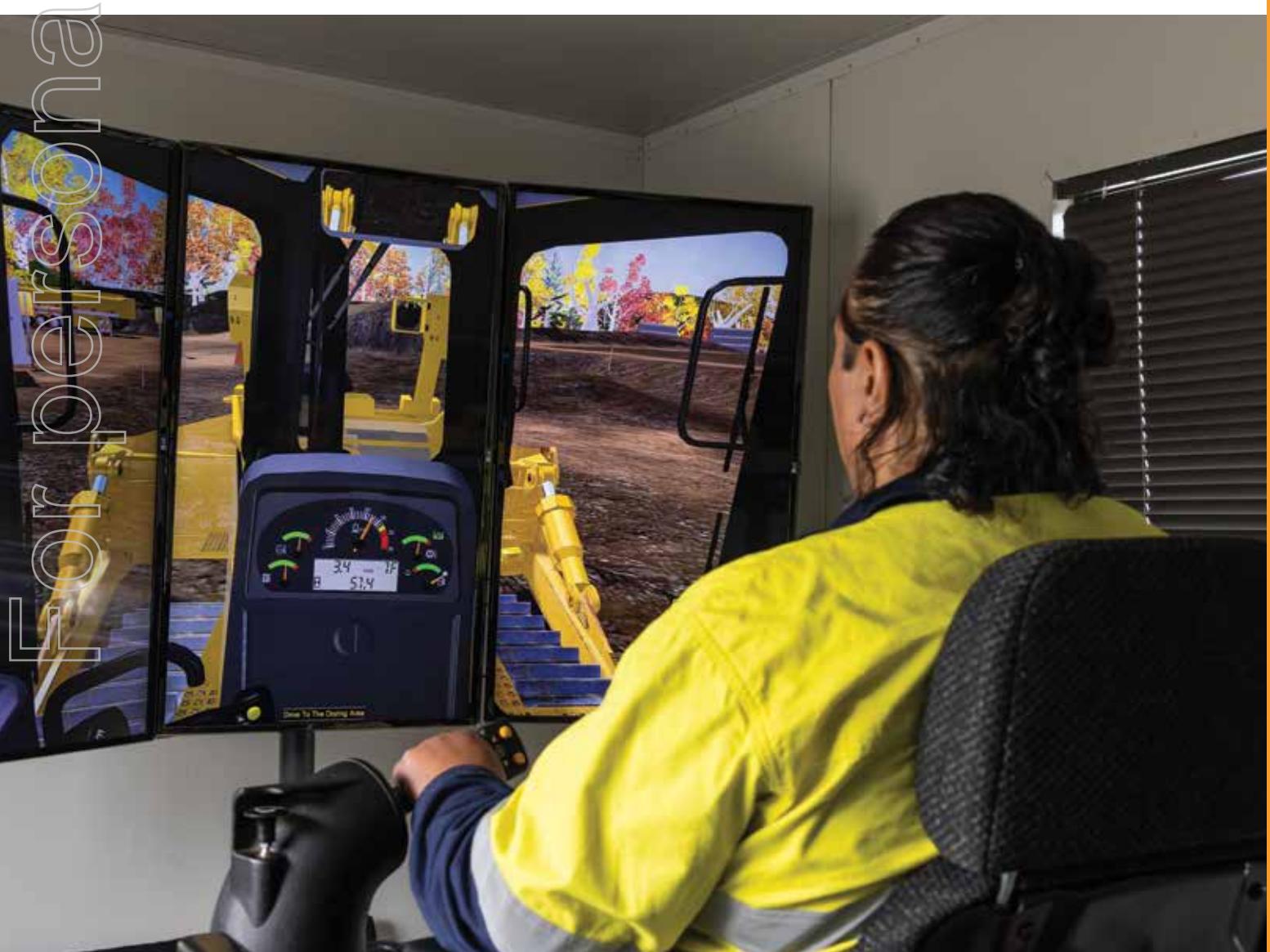
We recognise the importance of ensuring our entire workforce experiences fairness and equity. To set the stage for the future, we recently amended our Diversity and Inclusion policy and have developed meaningful targets which have been adopted by the Board.

We know that diversity covers a broad range of characteristics, and as part of our assessment we have looked at the age demographics of our workforce, many of whom are nearing retirement. At our Stockton mine, nearly a third of our people are over 60. Recognising the irreplaceable knowledge these people have, we have created flexible rosters for this demographic,

such as job sharing and part-time/casual opportunities for roles that were historically full time so that we can better support a gradual transition into retirement. This comes with the added benefit that we continue to benefit from their mentoring of the less experienced members of the team.

We also recognise and appreciate that given the diverse nature of our workforce, a standard working day doesn't work for everybody. We allow greater flexibility where the role allows, including alternative work locations and hours to be agreed with their managers. This in turn leads to a more engaged workforce and broadens the scope of the talent pool we can recruit from, which is critical given the tight labour market. We are really pleased to report a four percent increase in our female workforce over the past year, which tells us our flexible approach to working is making a positive impact.

We also recognise that inclusion is just as important as diversity. Our updated policy that was adopted by the Board last year incorporates the importance of inclusion, which is defined as "creating a work environment in which all individual differences are valued, and people are treated fairly and respectfully, have equal access to opportunities and resources, and can contribute fully to our success".



Sustainability

Environmental, social and corporate governance is integral to being a responsible business operator, and is core to our operations.

Our people are fundamental to our success as a company, a strong theme in this annual report. Also prominent is further improving the resilience of our business, levering off record high export coal prices. This is translating into operating mine life extensions and active pursuit of other resource opportunities. Our focus on climate change action continues.

People and culture

This year we have introduced a new section into our annual report titled people and culture. This highlights an in-progress work programme focused on making us a sought-after employer. It covers our newly refreshed set of values, a development programme for salaried staff, more flexible working arrangements, and new measures to support our people affected by COVID. A case study on field leadership is also included in this annual report, that underscores the importance we place on empowering our people to manage their safety.

For personal use only



COVID workplace response

As widespread COVID community transmission emerged for the first time in New Zealand in early 2022, at its peak we had 23 percent of our total workforce non-operational. We were able to meet all coal supply commitments to customers despite the COVID related absenteeism, and whilst operating under our enhanced COVID related health and safety measures. This was possible due to an early assessment that identified critical roles with multiple backups, resulting in minimal interruption to delivery of critical tasks, for which we greatly thank our people and their support of one another.

The focus on coal winning has however had the consequence of rationalising some of our site rehabilitation programmes. We monitored the health and wellbeing of people returning to work to manage any instances of fatigue, or other health issues. The success of our COVID related operating measures is shown by very limited instances of COVID transmission on-site. We also provided an extra ten days of COVID-specific annual leave entitlement for employees to encourage our staff to remain home if unwell.

Sustainable business growth

The recently negotiated extension to the Rotowaro mine, which is on track for resource consent and final contract approval, has been predicated under a strategic principal that the risk of the project is shared between us and our customers. We adopt this approach for any new mine areas that we enter into in New Zealand that do not solely supply customers in the steelmaking market. This reflects balancing our commitment to providing energy security to our processing heat customers as they gradually switch to alternative energy sources, against a sustainable growth business model that provides stability for our stakeholders.

Leveraging off our strong coal business, we are also actively exploring opportunities in other minerals, such as lithium, used in the batteries of electric vehicles, and bauxite, used in aluminium.

Returning land to nature

Mining inevitably disturbs land, and with that comes an obligation to return the land to its former use. We need to ensure that the recontouring of land and replanting deliver the ground cover we committed to achieving.

At the Stockton mine, a 17-year-old engineered landform is now covered in natural wetlands, tarns, and indigenous shrubland, including mosses and lichens. This is part of a long-term plan of leaving a net positive legacy at all of our sites.

At the former operational Canterbury mine, we have returned the area to pastoral farming and plantation forestry. Refer to our case study for a more in depth look at the world class work done to restore the land to its pre-mined condition.

Lower emissions coal

Worldwide, more resources will be needed to produce the materials required for a global transition to a lower-emissions market. And for now, coal is an essential part of this journey as it is an integral input into steelmaking. We add value by supplying overseas customers with premium-quality coal that has been independently verified as reducing CO₂ emissions from the steelmaking process. Refer to our case study "Our coal helps reduce global CO₂ emissions" for more detail.

Supporting our people to support our communities

The once in 100-year flooding event in the township where the majority of our Stockton mine employees live in July last year really bought home to us how much the wellbeing of the communities we operate in is indistinguishable from the wellbeing of our people and our operations.

Ceasing operations at the mine so that our people could direct their efforts to the response and recovery effort was a critical part of showing our appreciation for the local West Coast community that we operate in.

Refer to our case study for more information on how our people's efforts were an essential contribution to the overall response and flood recovery effort.

EMISSIONS SAVINGS

Our coal helps reduce global CO₂ emissions

Overseas steelmakers using Stockton coal avoid emitting 315,000 tonnes of CO₂ per year because of the unique properties of our coal, a new independently verified study shows.

It is well established that the high vitrinite and low ash properties in our Stockton coal offer fuel savings to our customers when compared with other seaborne coking coals, and therefore lower carbon dioxide emissions per unit of steel they produce. The question up to now has been, by how much?

Over the last year we have been able to quantify the emission savings by using one of our iron and steel manufacturing customers in India as a case study. They opt to blend our coal with Australian and Indian coals, precisely because our low ash and high vitrinite content reduces their fuel use, the rate of slag formation in the furnace, and it also improves the coke strength in the furnace. In reducing fuel use, they also save on costs.

Our analysis confirmed that at this single plant alone, the benefits of using our coal amounts to an annual reduction in CO₂ emissions of 145,000 tonnes ("tCO₂"). This reflects a reduction in the blast furnace fuel rate of 14.24 kilograms of coal per tonne of hot metal produced, at an annual plant production of 3.6 million tonnes ("Mt") of hot metal.

We then extrapolated this result to our total export coal business of around 1.1Mt per year, which equates to an average 315,000 tCO₂ emissions avoided each year. Importantly, we obtained independent verification of these results from SGS Laboratories Limited. The report states "the derived emissions reductions are fairly calculated for the Alpine blend", which refers to our export coal specification.

What this means for climate change action

The global steel industry contributes an estimated 7 to 11 percent of world greenhouse gas emissions. Several alternative, lower-emissions technologies are being investigated, including replacing coal with hydrogen to reduce iron ore. While the early signs show some promise, the technology is many years away from being able to be used commercially and at scale. This also reflects that even when the alternatives become readily available, it will take decades to convert the world's existing iron and steel plants to the new technologies.

So for now, coal remains an essential input into the steel industry. The International Energy Agency projects demand for steel to increase by a third by 2050¹. And we play our part in supplying coal that is suitable for this purpose in New Zealand, and to our overseas customers, who can now quantify their emissions reductions from using our coal.

Steel is also a major requirement in providing alternative technology solutions to reduce CO₂ emissions. For example, a five-megawatt wind turbine requires on average 900 tonnes of steel, and the average electric vehicle contains 0.9 tonnes of steel. Further, finished steel is infinitely recyclable via the Electric Arc Furnace with few extra emissions, meaning it is a green product over its lifetime.

Lowering coal related emissions in New Zealand

New Zealand consumes annually around 2.5Mt of coal, primarily in steelmaking, electricity generation, and food processing and other primary production-related industries. The demand for coal for steelmaking is expected to continue in the longer term, and electricity generation in the near term to supplement renewable energy.

Whilst other users of coal are examining how to switch to lower-emissions energy alternatives, we believe there is work to do to ensure a robust solution that achieves emission reductions. For example, our studies show substituting wood waste that has 50 percent moisture will emit ~40 percent more CO₂ than combusting coal. Available research indicates these additional emissions may take up to 30 years to be captured through regrowth of trees. Further, New Zealand may simply lack the biomass in some regions to substitute coal.

Given the continued need for coal, the question must be, is it preferable to mine for essential coal requirements in New Zealand, or to import the coal?

¹ <https://www.iea.org/reports/iron-and-steel-technology-roadmap>



Let's look at our Southland domestic mine as an example, that supplies to food processing and other primary production-related industries. We have modelled the impacts of extending our Southland operations which would allow us to supply coal from the proposed New Brighton extension. The benefits of supplying locally are:

- The new pit would deliver a slight increase in coal rank and lower total moisture compared with the current coal, delivering an expected small improvement in combustion efficiency for users, and a consequent reduction in CO₂ emissions.
- The alternative would be to import similar rank coal from Indonesia. CO₂ emissions would increase, partly due to reduced combustion efficiency because the imported coal would likely have a higher moisture content, and also from transport emissions of approximately 54kg per tonne of coal.

Takitimu currently produces around 220,000 tonnes of coal per year, so using our coal instead of replacing it with imported product would amount to approximately 17,000 tCO₂ emissions savings per year.

Concluding remarks

Our aim is to support a just transition for coal for non-steelmaking use in New Zealand. We achieve that by continuing to supply our customers with coal for as long as they need it.

Importantly, acknowledging the demand for coal is not going to disappear, there are two key advantages to continuing to allow coal mining in New Zealand:

- our export coal reduces emissions for our overseas steelmaking customers; and
- our domestic coal reduces transport related emissions, as otherwise coal or other non-renewable energy sources are imported from overseas.

Health and safety



Material topic

Health and safety

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

The health, safety and wellbeing of our people and the communities in which we live and work is paramount to the delivery of safe, sustainable production.

During FY22 we invested heavily into health, safety and wellbeing initiatives, including the:

- introduction of the field leadership programme;
- development of a robust COVID Pandemic Response and updated COVID Business Continuity Plan;
- embedment of our Occupational Health and Hygiene monitoring programme;
- Health Management Agreements for management of worker's acute or chronic health conditions; and
- implementation of the Bathurst Contractor Management Standard and associated processes.

The success of these and other initiatives are shown in the improvement of the following health and safety statistics:

- TRIFR (total recordable injury frequency rate) = 8.6 per million hours worked (FY21: 9.3)
- LTIFR (lost time injury frequency rate) = 1.7 per million hours worked (FY21: 6.2).



Renewed focus on safety

Over the last two years we reported a consistent and concerning rise in our TRIFR and LTIFR.

Ensuring our people are safe is crucial, and we committed to reversing this trend. One of the strategies that we developed was our field leadership programme. The programme is a leader-led initiative designed to be a key driver of improvement in areas of safety culture, and the health and safety of our people. It involves engagement with and coaching of workers in the identification of at-risk conditions and/or behaviours which have the potential to result in a serious injury or accident.

Since the introduction of the programme, we have seen a significant improvement of both our TRIFR and LTIFR. Through analysis of early data, we are encouraged that the programme has directly contributed to this result. This has been achieved by putting our leaders out in the field with our workers and having those necessary safety conversations on a daily basis. For a more detailed write-up on the programme, refer to our case study on field leadership.

COVID pandemic response

FY22 provided some unique health and safety challenges, with the ongoing impacts of the COVID pandemic being foremost. The challenges included travel restrictions imposed by the New Zealand government, availability of personal protective equipment and test kits, access to occupational medicals, and personal health impacts to all our workers.

Despite the challenges that ensued, we saw an opportunity to proactively support our people with up-to-date information and support tools for use both at home and at work. This was achieved through strong leadership, and actively planning and preparing for any foreseeable health or economic impacts to our workers. Our strategy required ongoing review in consultation with our operational sites for how we could best support our people through potentially unsettling times.

In Q4, the effects of COVID on worker absenteeism started to become evident. By the end of June 2022, 45% of our workers had contracted the virus.

In response we developed:

- A robust communication process to ensure that workers were provided with up to date, current information about COVID, including the government and our response through various alert levels.
- A strategy for those workers who identified as having underlying health issues or who may have been more vulnerable to health impacts should they contract COVID, and who may need to work remotely or isolated from site during periods of higher health alert levels. These workers were identified through our employee medical assessment process.
- Protocols for separation and distancing, personal hygiene and infrastructure/vehicle cleaning regimes based on risk management processes and medical advice.
- Support tools (checklists, questionnaires, information sheets, etc) covering site access, personal health questionnaires, cleaning protocols, working from home, preparing for COVID at home.
- Protocols for testing facilities, testing staff and COVID coordinators at all our operational sites.
- A simplistic reporting platform where workers could notify in real time that they had been impacted by COVID. This would trigger actions by our site support network of COVID coordinators to better assist the worker to manage their wellbeing during this time of personal uncertainty.
- Introduction of special COVID paid leave.
- A structured return to work and self-assessment process to ensure that the worker's health and wellbeing were foremost in all decision making in their return to normal duties.

In addition, we bulk purchased test kits to ensure availability across all our operational sites and business offices in a time of worldwide shortage of supply.

Planning work completed in Q1 to identify critical roles and additional back up resources, resulted in minimal disruption to delivery of critical tasks. Our workers must be commended for their flexible approach to supporting critical tasks completion and of their support of each other during this period.

The result has been a transparent, effective response in a very dynamic environment.

Occupational hygiene

After an innovative revision of the scope and reporting requirements for our occupational hygiene programme in 2021, further monitoring has continued, providing us with important information on the effectiveness of managing worker health exposure hazards. All operating sites participated with individual investigations completed where a result indicated an exposure exceedance to a worker.

The programme has now delivered sufficient data for us to do a statistical analysis of worker exposure to airborne dust and fumes, noise, and vibration, and how we manage those occupational hazards such as respirable crystalline silica, and the risk from worker exposure to it of silicosis.

Moving into the third year of our journey on occupational hygiene, we will be revising our similar exposure groups and carrying out further risk assessments at our operational sites including identifying additional controls and reviewing their effectiveness.

Health Management Agreements

Health Management Agreements ("HMA") were first introduced to assist workers, their supervisors, and the site health team in the proactive management of a worker's injury (non-work related or work related) and/or health related condition.

The HMA aims to ensure that all parties are aware of any conditions or restrictions related to the worker's health, and what actions, if any must be taken to ensure that the worker is provided with a safe working environment in terms of duties and support. In addition, it is agreed that we are provided with all relevant medical or health information, which in turn informs decisions about a worker's duties during the period of time under which they are working within the HMA.

Compliance for each site to have up to date HMAs for all identified workers is tracked through the monthly reporting processes.

Contractor management

Our Contractor Management Standard and associated process requirements was updated to manage the safety, health and environmental risks associated with contractors throughout the lifecycle of the contracted activities for which they are engaged at any of our operational sites.

Training for senior leaders, contract managers and task coordinators for implementation occurred in Q2, with sites working throughout Q3 and Q4 to ensure that all contractors are captured within the Contractor Management System ("CMS").

Initial implementation audits for each site's CMS will be conducted in FY23 with ongoing regularity to ensure compliance with the revised standard.

PROACTIVE HEALTH AND SAFETY

Field leadership programme

"We all want to go home safely every day, we owe that to ourselves and our families".

What is the field leadership programme?

The field leadership programme is a leader-led initiative designed to drive improvement in the areas of safety culture, overall health and safety, and positive proactive environmental outcomes.

Specifically, it:

- involves engagement with and coaching of workers in the identification of at-risk conditions and/or behaviours which have the potential to result in a serious injury or accident; and
- provides tools which support discussions, with the intent of identifying at risk conditions and behaviours which have the potential to result in injury or environmental damage before an event occurs.

For us, it's about having those critical safety conversations, reinforcing safe practices and behaviours, and maintaining a healthy, safe, and environmental focus in everything that we do.

Why is it important?

Understanding the challenges we face in our daily work will help us to improve systems, actively coach each other and demonstrate genuine care and interest in everyone's welfare. Similar programmes are used all around the world and have been proven to support major improvements in workplace culture, improve health and safety, and environment outcomes through visible, engaged leaders.

We recognise the importance of visible, 'felt' leadership and how it provides many benefits.

Our journey

We started our field leadership journey in September 2020 when we presented the concept to our directors for their approval. By 30 June 2022 we had completed 12 months of tracking the roll-out of the field leadership programme at sites.

There are four tools that managers can use in their interactions with staff:

- **Safe work observations** are face to face discussions between an observer and the workers in the area. They are generic and suited to any engagement for any task being performed. These are conducted in the field.
- **Targeted task observations** are undertaken on targeted task. They are designed to work with team members to improve work design and execution of specific tasks to ensure controls are understood and are effective. These are conducted in the field with some desktop verification.
- **Material risk critical control verifications** are a verification process for the management of critical controls for our material risks. These are conducted in the field with some desktop verification with the intent to verify the effectiveness of our fatal risk controls.
- **Principal hazard critical control verifications** are a verification process for the management of critical controls for Principal Hazard Management Plans and Principal Control Plans with the intent of verifying the effectiveness of the controls to prevent our multiple fatality risks.

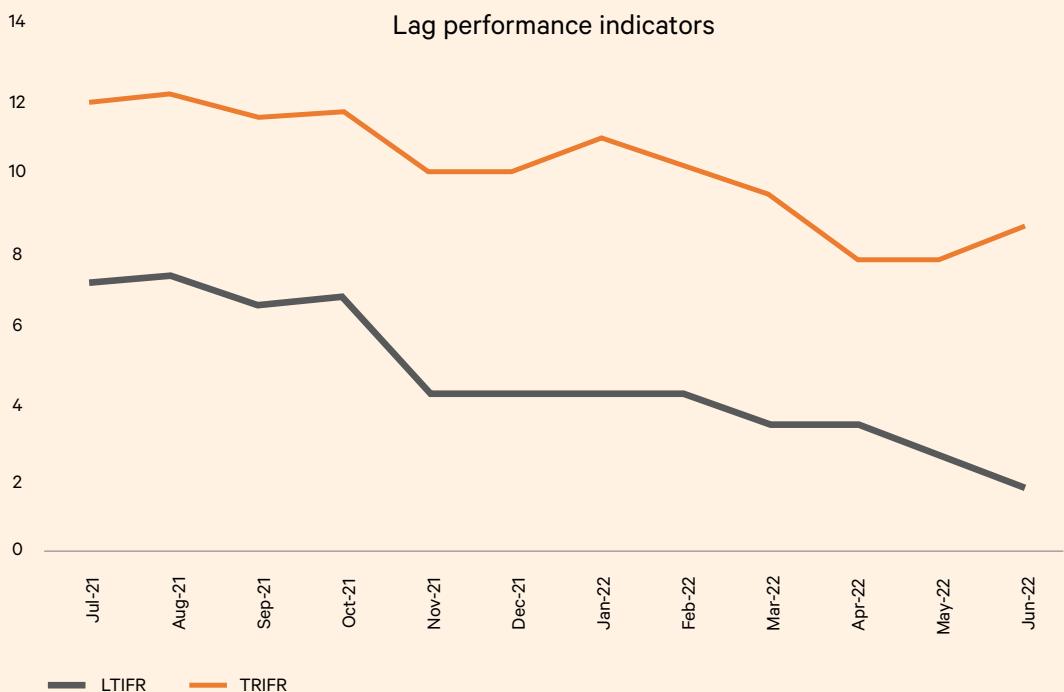


The results

We have commenced tracking field leadership activities across all sites. The implementation results were impacted significantly by COVID related workplace restrictions that limited people interactions and movement, and extreme weather events experienced by all our operational sites. As a result, the effects of the introduction of the programme on our health and safety statistics was not initially evident. However, as the programme has become further embedded, our TRIFR and LTIFR indicators have markedly improved.

Over the period we also documented a fall in notifications of high potential incidents; falling from 20 in FY20, to 17 in FY21, and 10 in FY22.

The field leadership programme is a developing concept for us and is continually being reviewed for improvement opportunities with feedback from our workers.



Socio-economic



Material topic

Economic performance

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

We have proven in the past that through proactive financial oversight, and a focus on cost control and productivity improvements, our business can continue to generate positive economic value even during periods of historically low export pricing. We recognise that a steady economic performance is critical to providing an enduring contribution to our employees and communities.

From an economic performance perspective, FY22 saw a significant uplift in key financial performance metrics as the business benefited from an increase in the sales price on coal sales from our export mine. In periods of high pricing such as this year, we can re-build our cash and net asset positions.

Recognising that movements in the export coal price is outside of our control, we mitigate our exposure to lower pricing through coal price and foreign exchange hedging on our export sales, which are priced in USD.

We also proactively monitor our cost base, which is to a larger extent within our control, when mitigating the risks of exposure to a fluctuating export coal price. This year saw a significant jump in core cost inputs across the business, notably in fuel, freight, equipment hire, and plant maintenance. These price increases are not unique to our business, with most industries and countries experiencing varying degrees of price inflation. Whilst we ultimately have to bear the majority of these cost increases, this does not mean that we continue with business as usual. Including cost pressures and the impact they will have on future cash flows is a critical part of our annual and periodic budgeting and forecasting process. This enables management to make responsible decisions over the longer term.

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

Economic value	FY22 \$m	FY21 \$m	FY20 \$m
Generated Coal sales, realised hedging, and other revenue	417.1	287.5	322.1
Disbursed Wages and salaries paid to employees	66.9	63.5	65.8
Taxes, royalties, and fees to government	37.7	12.3	18.4
Local procurement of goods and services	208.8	153.5	180.1
Capital purchases including leases	20.1	13.4	22.5
Support of local community initiatives	0.2	0.5	0.2
Net economic value retained	83.6	44.8	35.4



Material topic

Local communities

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

Engagement with local stakeholders and iwi is critical for our continued success and licence to operate now and into the future. We endeavour to be a welcomed and valued member of the communities in which we operate. We acknowledge the important role our employees play as our ambassadors with the community, and are proud of their level of engagement throughout varied volunteer organisations.

In person stakeholder engagement was constrained in FY22 due to government and socially enforced COVID related limits on gatherings. As we move into FY23, we will be regularly reviewing our engagement approach.

Community investment is vital

Actively supporting our local communities is an important part of recognising that more than simply providing crucial jobs in the regional areas that we operate, we can also contribute to the overall wellbeing of the wider societal framework that our employees, contractors, and suppliers live in.

This year our sponsorship programme across Bathurst and our joint venture BT Mining included total sponsorship incurred and committed to of \$415,000.

We were pleased to contribute to the development of a new computer lab to enhance student learning outcomes at the Maramarua School, a primary school local to our Maramarua mine. The lab will be used by students of the school as well as surrounding schools. There is universal agreement that computer skills will play a vital part of any child's future, and we are proud to support Maramarua school's vision for their students.

We are also delighted to have completed our eleventh year of supporting the Bathurst Buller High School Scholarship programme. The \$8,000 scholarship supports a student to attend university in areas of science technology, engineering and maths.

Other organisations we also contributed to include:

- West Coast Search & Rescue.
- Life Education Trust West Coast.
- Buller Community Trust Fund.
- North Waikato Cricket Club.
- Te Hā o Kawatiri.
- West Coast ROA Mining Rescue Helicopter Service.
- Nightcaps Clay Target Club.

Supporting the industry

We supported the Minerals West Coast Forum held in June at Reefton, a small town on the West Coast of the South Island of New Zealand, not far from our Stockton (export) mine. Minerals West Coast is a body that represents the collective voice of West Coast mining, with the forum providing excellent collaboration opportunities for its attendees and furthering its advocacy to champion the region's mining industry. Our CEO Richard Tacon welcomed the honour of becoming Chair of the Minerals West Coast in June 2022.

Several of our people are also active participants in key industry bodies such as:

- New Zealand Mines Rescue Service;
- Straterra (collective voice for the New Zealand minerals and mining industry);
- MinEx (the national Health and Safety Council for New Zealand's extractive sector); and
- New Zealand Mining Board of Examiners and New Zealand Mining Panel of Examiners.

COMMUNITY FOCUSED

Westport flooding event: putting community first

An extreme rain event from 15 to 18 July 2021 brought more than 690mm of rain to the Buller River catchment, resulting in New Zealand's largest flood flows in almost 100 years. Our people were an integral part of the initial response as well as ongoing support to Westport, the local township of our Stockton export mine affected by the flood.

The usually idyllic Buller River has an annual mean flow of 454m³/second, however during the flood event measurements showed flows of 7,640m³/second – the largest direct measurement of flow ever reported in New Zealand. This flood event put Westport on the map both nationally and internationally and threatened to severely impact many local homes and businesses.

Our response was immediate and ongoing. As rising floodwaters in the town progressed from recommended to mandatory evacuations, general manager of the Stockton mine Ian Harvey ceased operations and instructed all staff to return home and ensure the safety of their own families, and if appropriate assist in the community response.

Our immediate response included:

- assigning multiple staff in vans and troop carriers to help residents evacuate flooded homes;
- engaging with local company Outwest Tours to evacuate people from significant imminent flooding danger using unimogs;
- providing staff to work at the 24 hour Emergency Operations Centre (“EOC”);
- providing groups to work at the evacuation centres set up for displaced people; and
- releasing trained staff to work for other local agencies such as LandSAR, Westport Fire Brigade, Waimangaroa Fire Brigade, St John's Ambulance, Buller Electricity, and the Red Cross.

As the impact and extent of the flood damage became apparent, the decision was made to close the Stockton mine for a week, to allow staff to continue to assist in the community.

Our people continued to work at the EOC around the clock planning, coordinating, and facilitating the flood response efforts. Approximately 40 Westport based staff trained in New Zealand's emergency response management system (Coordinated Incident Management System – CIMS) filled key EOC roles. Supporting this effort, a large number of our workforce helped with:

- cutting and removing sodden carpet and flood-affected content from homes;
- delivering food parcels to affected people;
- manning evacuation centres;
- working with the National Emergency Management Agency to undertake flood assessments of homes;
- providing transport for displaced residents; and
- providing dewatering pumps and piping for clean up.



Buller River Bridge – Westport (Source: C McLachlan)



Typical post flood street scene in Westport (Source: C McLachlan)

Our contribution to the emergency response received widespread public acclaim. In excess of 16,000 lost-time-injury free hours of workforce time, and logistical assistance was given with some employees continuing to donate their time towards flood response efforts more than three weeks after the initial clean up.



Bathurst vehicle on the job (Source: C McLachlan)

Ian Harvey sums up the contribution of our people to the response, saying: "On reflection, I couldn't be prouder of the way our staff volunteered their assistance, and went out of their way to help out people they both knew, and also had never met, in the community we live and work in when it desperately needed them."

As a follow up to the July 2021 event, Westport also had another significant yet smaller flooding event in February 2022. Once again the EOC was established and our people immediately volunteered and manned the EOC throughout the duration of the response. On this occasion the Stockton mine recorded more than 746mm of rainfall in a 48-hour period, a new and unwanted record.

Flood protection embankment planning and mitigation strategies to protect Westport from future flood events are well underway. In addition to being committed to help during the disaster, we have also contributed \$155,000 funding to fast track an advanced flood warning hydrological telemeterised system for Westport to ensure the township is better prepared for any future potential flood responses.

Environmental



Material topic

Energy and emissions

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

Energy saving projects

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 FY22 we consistently used a more local, secondary supplier for calcium oxide ("CaO"), used to treat acid mine drainage at the Stockton mine water treatment plants, which reduced annual transport emissions by 78 tonnes per year of carbon dioxide equivalent ("CO₂e"), via reduced diesel use of 29,143 litres per year. Next year we will assist the CaO producer in trialling wood waste as a heat source instead of coal to assess the potential for further reduced emissions.

After noting the successful trial of the Esso Diesel Efficient fuel in last year's annual report, we made the transition to using this fuel at all BT Mining sites. This resulted in approximately 443,000 litres less diesel use for FY22, and corresponding reduced CO₂e emissions of 1,200 tonnes per year.

Energy use

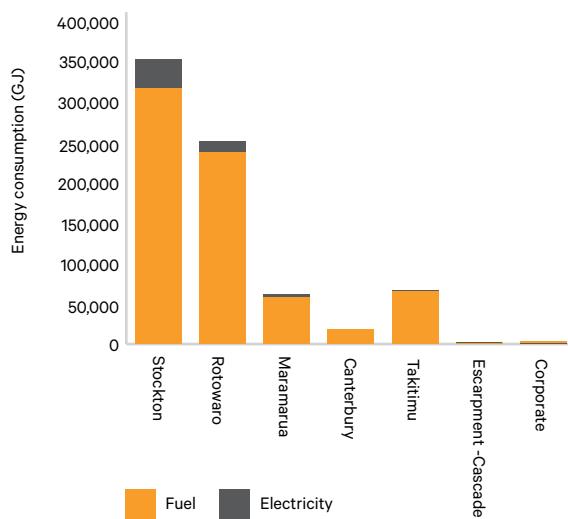
Total energy use¹ amounted to 786,604 gigajoules ("GJ") at our four operational sites, the Canterbury mine which was rehabilitated during the year, the Cascade mine rehabilitation project, and corporate offices. This is an approximate 24 percent decrease on energy use reported in FY21.

The decrease was primarily driven by a 40 percent reduction in waste rock removal (overburden stripping), which dominates energy consumption. The primary driver was a reduced strip ratio at the Rotowaro mine as it moves into the mature end of its current operational pit, and to a lesser extent reduced operations at the Canterbury mine as it progressed through rehabilitation. In total 11.73 million banked cubic metres ("M bcm") of waste rock were stripped in FY22 compared with 19.57 M bcm in FY21.

Ninety percent of the energy consumed includes fuel used for operations, and power for the Canterbury site. The remaining 10 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 365,923 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 262,613 GJ, reflecting the movement of 5.53 M bcm of waste rock during the year.

Comparison of energy consumption by operation FY22



The above graph excludes Sullivan where consumption was zero.

Greenhouse gas emissions

We are committed to finding new ways of using energy more efficiently, which includes monitoring our energy consumption to better understand how we consume it.

Noting that most of the electricity consumed at our sites is generated from renewable energy sources, we see reducing fuel related emissions as the biggest opportunity to reducing energy consumption related emissions. In last year's annual report we noted a concept study of electric trucks that would see the replacement of three 100-tonne diesel fueled trucks with two electric battery trucks. We are still assessing the viability of this project and hope to be able to provide an update in next year's report.

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

We also measure greenhouse gas emissions and participate in the New Zealand Emissions Trading Scheme ("ETS") in which we pass on carbon pricing to our customers. We assist our customers in mitigating ETS requirements, via the quality of energy and efficiency in supply logistics.

Whilst there remains a demand for coal in New Zealand, we highlight the emission reduction benefits from using local coal. In FY22 we submitted consent applications to mine an additional ~250,000 tonnes per year at our existing Maramarua mine. We have estimated that with our coal replacing imported coal from Indonesia, annual CO₂e emissions would reduce by 9,712 tonnes of CO₂e emissions per year; 4,382 CO₂e tonnes from coal used for steelmaking, and 5,330 CO₂e tonnes from coal used for energy generation and processing heat.

Our mining operations currently rely on diesel fuel to extract and transport coal. Electricity is required for coal processing, water treatment plants and mine management systems. Additionally, our coal produces greenhouse gases ("GHG") which are released to the atmosphere (fugitive emissions). 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	FY22 Scope 1 emissions (t/CO ₂ e)	FY21 Scope 1 emissions (t/CO ₂ e)	FY22 Scope 2 emissions (t/CO ₂ e)	FY21 Scope 2 emissions (t/CO ₂ e)
Stockton	47,843	50,080	1,127	1,032
Rotowaro	26,777	41,168	1,065	387
Maramarua	10,136	13,680	50	81
Canterbury	1,136	5,518	0	0
Takitimu	10,042	10,594	22	31
Escarptment	0	0	0	0
Cascade	29	16	0	0
Sullivan	0	0	0	0
Corporate	15	15	8	17
Total	95,978	121,071	2,271	1,548

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 (May 2022) 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 CO₂e. We accounted for sulphur hexafluoride gas emissions from transformers, and emissions from the use of ammonium nitrate in blasting. We work with blast consultants to ensure our blasting practices optimise the recovery of clean coal. This reduces our GHG emissions by reducing the tonnages of contaminated coal that needs to be processed in energy-intensive coal washeries.

Total Scope 1 and 2 emissions for FY22 were 98,249 tonnes of CO₂e, of which:

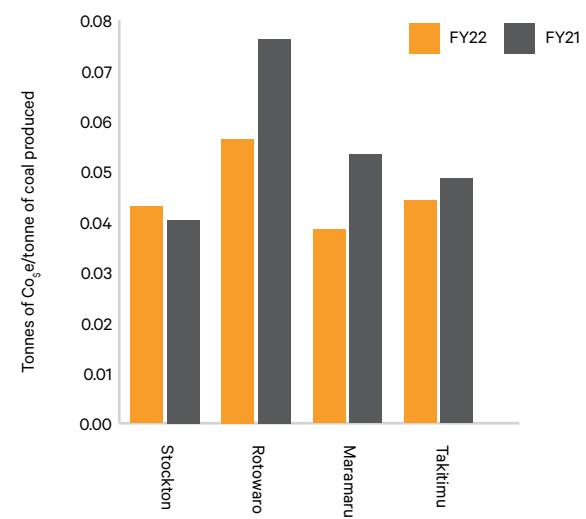
- 46 percent related to fugitive emissions from coal production;
- 2 percent related to electricity use; and
- 52 percent related to fuel consumption and blast emissions.

The above reflects approximately 20 percent less emissions than that for FY21. This is due to 40 percent less waste rock removal, and decreased CO₂e from fugitive emissions as 10 percent less coal was produced, primarily due to the closure of the Canterbury mine.

In FY22 the highest GHG emissions intensity was at the Canterbury Coal mine, with 0.33 CO₂e per tonne of coal produced. This is due to the site being in closure and final rehabilitation mode, hence only a limited amount of coal (3,484 tonnes) was won as a byproduct of final rehabilitation earthworks.

Overall total GHG emissions intensity across all operations was 10 percent less than the prior year, at 0.047 tonnes CO₂e per tonne of coal produced. Reducing the emissions rate as remaining coal becomes more difficult to access with higher overburden stripping ratios at our mature mines is a good result, and a credit to the mine planning and development teams.

GHG emissions intensity



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



Material topic

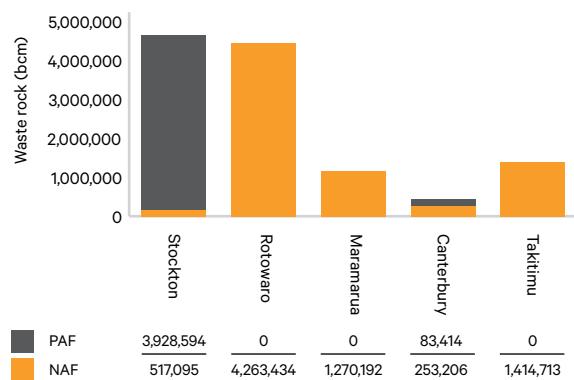
Overburden management

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

During the year, the two mine sites that disturbed potentially acid forming ("PAF") waste rock were Stockton and Canterbury. PAF waste rock disturbed increased by 7 percent compared with FY21, due to increased stripping volumes at the Stockton mine. Total waste rock disturbance across all sites was 7.9 M bcm less than the prior year.

The total amount of waste rock per tonne of saleable coal across all sites decreased from 8.2 bcm per tonne to 6.2 bcm per tonne, predominantly due to 40 percent less overburden stripped.

Waste rock (bcm) disturbed in FY22



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

At the Stockton mine, the calcium oxide used to neutralise acid mine drainage decreased by 5 percent year-on-year, following refined and tested waste rock placement methods and compaction techniques to reduce water and oxygen ingress into waste rock, besides lime addition to reduce acid production. Our two active dosing plants at Stockton successfully treated more than 7,000 tonnes of acid during the year in the Mangatini and St Patrick's catchments.

The Canterbury mine team constructed an engineered mussel shell reactor as part of the rehabilitation works, which is treating mine drainage during the final rehabilitation phase and will ensure good water quality over the longer term.



Material topic

Land use and biodiversity

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

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

In FY22 we planted over 60,000 indigenous plants at Stockton and Cascade, which were propagated from seeds collected at our sites. At the Stockton mine we plant at a density of 9,000 plants per hectare.

We use a rehabilitation technique called vegetation direct transfer. A digger lifts the vegetation and immediate subsoil in one intact layer and transfers it to another site, resulting in immediate cover. Additional seeding and planting is then undertaken to boost the overall recovery of the transferred shrubs and plants. This technique has been used extensively at the Stockton mine with excellent results in the rehabilitation of indigenous bush in high-altitude plateau environments. We have successfully rehabilitated 49 hectares using this technique.

Our riparian planting programme with local school children at the Takitimu mine, one of our case studies in last year's annual report, had to be paused due to company wide procedures limiting visitors to sites due to COVID related protection measures. We hope to be able to reinstate and expand the programme in FY23, to allow a better understanding of mining environmental management including land rehabilitation techniques once again.

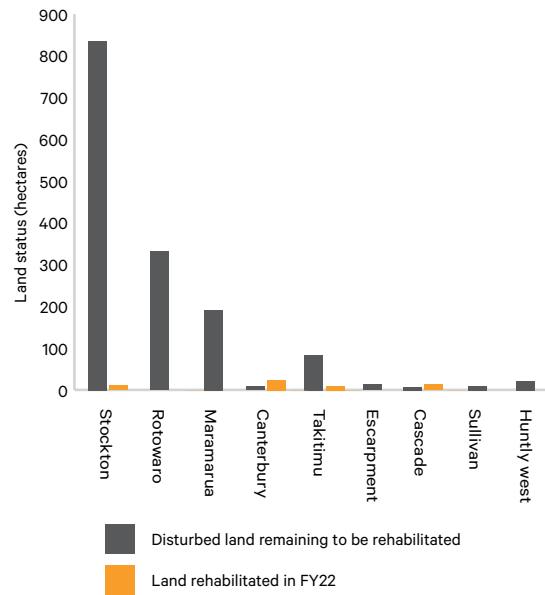
After the successful expansion of our West Coast based plant nursery last year (one of our case studies in the 2021 annual report), the past 12 months have proved challenging with two significant flood events, and additionally three very high wind events, all of which caused minor damage and hampered growing conditions for the nursery seedlings. Despite this, we have successfully grown over 65,000 plants for use in rehabilitation at our Cascade, Stockton, and Canterbury sites. We were also delighted to contribute 730 plants and nursery staff time to assist with the planting of the riverside bunds at the recently constructed Toki Poutangata bridge that connects Westport township to the Buller River and the Kawatiri Coast trail.

Total net total land disturbance over all sites decreased by 20 hectares ("ha"). The Stockton mine accounts for 54 percent of the total disturbed area of 1,509 ha. Mining of the Millerton pit area at Stockton over the next few years will provide for a more established opencast mining operation, in which progressive rehabilitation rates are projected to reach 80 to 100 ha per year. Our budgeted rehabilitation area for FY23 is 77 ha across all sites.

Site	Rehabilitation budget FY23 (ha)
Stockton	17
Rotowaro	22
Maramarua	5
Canterbury	3
Takitimu	21
Escarpment & Cascade	1
Hunly West	8
TOTAL	77

In 2017 when we purchased the Solid Energy mine sites of Stockton, Rotowaro and Maramarua 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 accelerated. In FY22 49 hectares were rehabilitated across these sites, and the remaining disturbed footprint to rehabilitate reduced to 1,554 hectares. Next year over 77 hectares will be rehabilitated and the average annual rehabilitation will increase to over 150 hectares a year in the next five years as certain sites enter closure stages.

Land disturbed and rehabilitated



No rehabilitation was undertaken at the Escarpment or Sullivan sites as they are in care-and-maintenance.





Material topic

Water management

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

All our mine site discharges have specific conditions under discharge consents to protect aquatic ecology. No downstream water sources have been adversely impacted by water use at our sites in FY22.

Overall water use was 1,191 million litres ("ML"). This is an increase of 8 percent in water use compared with the prior year. A significant proportion of this increase stems from washing approximately 800,000 tonnes of coal through the Stockton mine coal washery and extra water use in a new Stockton water treatment plant.

Operating a second acid mine drainage water treatment plant at the Stockton mine for the full year significantly improved downstream water quality in St Patrick's stream. At our ecology consent site, this result in turn improved the health of aquatic ecology, reflected in an encouraging macroinvertebrate community index score and abundant kōura.

Consumptive water use

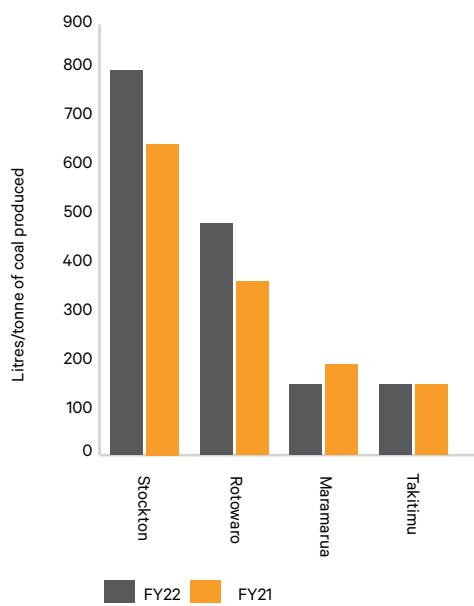
Operational Site	Consumptive water use (ML/yr) FY22	Consumptive water use (ML/yr) FY21
Stockton	871	758
Rotowaro	235	193
Maramarua	39	54
Canterbury	7	56
Takitimu	37	40
Escarpment & Cascade	0	0
Sullivan	0	0
Corporate	2	2
TOTAL	1,191	1,103

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 FY22 used between 166 to 786 litres of water to produce a tonne of coal. Average water usage across all sites to produce a tonne of coal increased by 24 percent, from 463 l/t to 574 l/t. This primarily reflects increased water usage at the Stockton coal washery, and partially at Rotowaro due to dust suppression via water carts and sprinklers.

Stockton has the highest intensity of water use, reflecting the intensive use of the coal washery (793,429 tonnes washed in FY22) and the use of water at the new water treatment plant, accounting for 91 percent of the site's water usage. It is noted that we treat the coal washery water for acid and sediment load, and then return it to the Mangatini Stream.

Water use intensity by mine site



Corporation
1850
1850
1850
1850
1850
1850



RESTORATIVE REHABILITATION

Reducing legacy acid mine drainage at the Canterbury mine

Being a responsible operator of our Canterbury mine post closure in 2021 meant ensuring we returned the land in a better condition than we acquired it. A core part of this has been solving a water contamination issue from historical poor management of waste rock.

Coal mining in the area started in 1872, and coal has been produced from more than 80 different operations, most of them underground. The most recent activity dates from the early 2000s with a small-scale open pit operation, in which we became the operators in 2013. Our goal was to expand production to supply nearby dairy processing plants, with the benefit of reducing carbon miles from trucking coal from further afield, and reducing the transport load on roads.

A pivotal issue for us was acid and metalliferous drainage (“AMD”). We detected signs of AMD early on, and as we continued into post-closure management of the 59-hectare site, final resolution of residual AMD has been a core focus of the mine closure plan.

Scoping the AMD issue

Previous operators had disturbed a lot of ground with little attention to the acid-forming properties of waste rock, or to its management when storing it in overburden sites. Occasionally settling ponds would be dosed with lime to neutralise the pH before discharge. However, this arrangement was inadequate, with limited ability to cope with high rainfall events which occur frequently in the area.

In 2015 we began addressing the underlying problem. Accurate prediction of AMD is critical to determining how to best manage it. So, we began by tracing the source of most of the AMD entering the surface water system, which we were able to link back to a historic waste rock stack.

We took samples of surface water around the site showing a pH as low as 3.5, most of it related to a specific coal seam called the Main Seam, and underlying sedimentary rocks at the footwall of the open pit. We also detected elevated levels of dissolved boron in overburden seepage.

We drilled 600 samples of core through the stratigraphic sequence of the coal deposit to understand the acid-forming potential of the overburden rocks, which dip steeply at the mine. We then classified each type of rock into acid neutralising, non-acid forming, low risk, and potentially acid forming.

Hydroseeding at Canterbury mine





Canterbury mine in full production



Canterbury mine how it looks today

Taking initial steps to solve the problem

To prevent acid-forming rock producing AMD, the oxidation of sulphide minerals in that rock must be prevented. Limiting access of water and oxygen to such minerals works well, and we achieved that by placing the acid-forming rock within a surround of non-acid forming rock and compacting that material to reduce the potential for air and water ingress.

The result is an engineered landform (“ELF”), on which we place topsoil and planted pasture species and plantation forestry seedlings.

Between 2017 and 2019 we constructed the North ELF following our ELF construction and AMD management plans, and the result so far is no AMD treatment requirement in water seepage from this ELF. We also removed the legacy issues of the historical waste rock stack and placed the material into a former pit underneath a newly constructed ELF. Runoff from this ELF now enters the treatment pond at a neutral pH. Only minor periodic dosing of this water with lime is undertaken to raise the pH to 7.5 to 8.0, levels which force the removal of any residual dissolved zinc.



Engineered landform (ELF) in progress at Canterbury mine

Looking for more AMD

By mid-2018 we were recording greatly improved pH levels, however, we had not fully eliminated AMD from the site. Improvement was a priority for us, with known habitat for the endangered Canterbury mudfish/kōwaro further downstream (see case study in our FY20 annual report).

Mine closure risk assessments held in 2021 identified two areas of the mine for further management. We found that the Green ELF underdrain flow, which collects drainage from the Green ELF and is also sourced from historic underground workings, was elevated in aluminium, boron, iron, manganese, nickel and zinc. These elements originate from the sedimentary sequences of the coal measures and are found in coal combustion residuals which were placed within the final ELFs as part of the AMD management plan. We also identified that the North O2 pit pond might also have residual AMD risk during low rainfall periods.

As a result, we commissioned a passive mussel shell reactor to remove dissolved metals from the Green ELF underdrain flows. Trigger action response plans following an adaptive management framework have been developed to utilise performance monitoring to ensure the North O2 pit pond and underdrain discharges continue to meet compliance levels.

A mussel shell reactor takes AMD laden water in at the top of the reactor and allows the water to permeate through a permeable bed of alkaline mussel shells. The alkalinity lifts the pH of the water and leads to certain metallic contaminants such as aluminium, iron, and zinc to drop out of solution. Additionally, the bed acts as a filter which aid removal by filtering out colloidal precipitates at the top of the mussel shell bed.

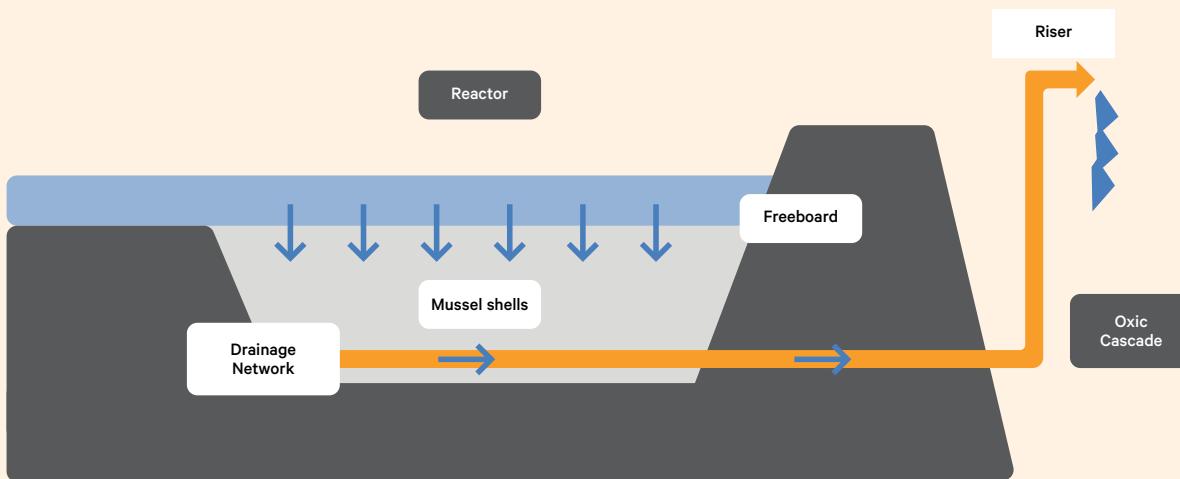


Figure 1 Simple diagram of a down flow mussel shell reactor

Treating boron

Boron is a common contaminant related to coal deposits. Boron is a light element and is ecotoxic if levels are too high. The treatment methods described do not reduce boron levels. The Green ELF underdrain feeding into the mussel shell reactor contains elevated concentrations of boron, but the flow rates are very low. We solved the problem by adding potable water during the active closure stage to dilute the mussel shell reactor outflow. Our long-term plan is to utilise water sourced from the final North 02 pit pond that will flow to Tara stream to dilute dissolved boron to below maximum acceptable levels after a study period confirms adequate and reliable water quality within the pond.

Leaving a positive legacy

Today mine discharge water has risen from a pH range of 3 to 4 when we took over the site to pH 6 to 8, which supports instream ecosystems. We have reduced dissolved iron, nickel and zinc and acid levels by 98 percent coming from the Green ELF underdrain discharge.

Monitoring of the system and the site generally for performance is still intensive, and this will tail off over time as the effectiveness of our closure management continues to be demonstrated.

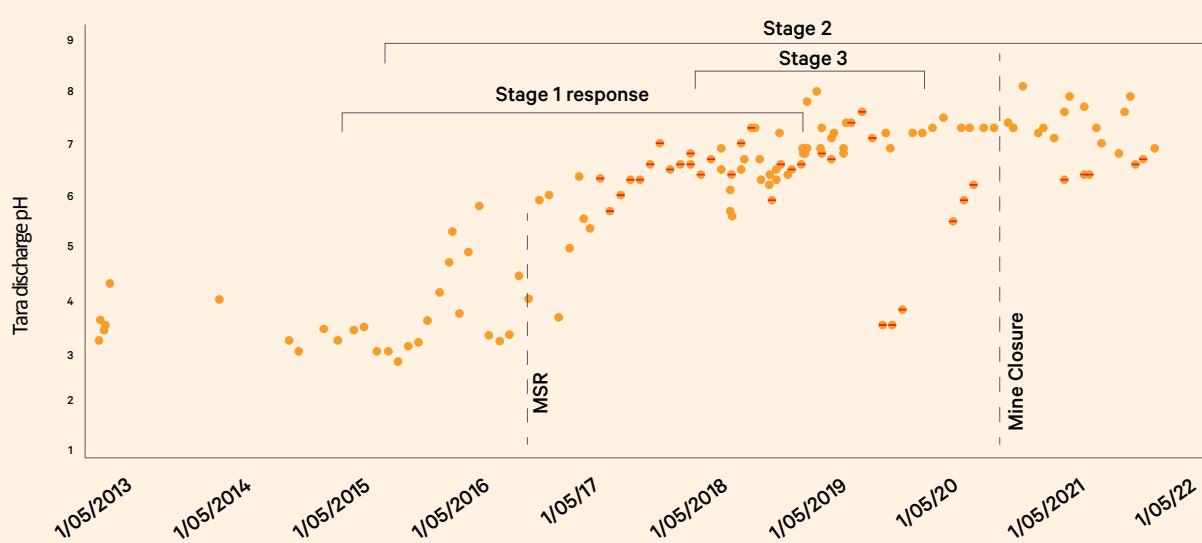


Figure 2 Tara Stream discharge (CC02_tele) pH. Timeframes shown for each stage

Governance material topics



Material topic

Compliance

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

We are proud to report that we had no significant compliance events relating to environment, community and health and safety during the year.

Environmental compliance and governance

We have a consistent approach to environmental management across all our operations, and we think innovatively to minimise our environmental impact. Our corporate environmental governance framework is based on current international and national standards for environmental management, including working generally in accordance with ISO 14001 Environmental Management Systems.

Our governance framework ensures sites are prepared to comply with new environmental policies and standards. This year we saw significant changes to water management policy via the introduction of New Zealand's National Policy Statement for Freshwater Management. We will continue to enhance our site water management activities to support the new policy objectives.

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

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

Environmental management systems

During the year we worked hard to maintain environment compliance during the New Zealand government enforced stay at home requirements, which resulted in less personnel being allowed to work onsite. This meant smaller onsite operations and environment teams had to collaborate with those working from home to use our environmental management systems to ensure we continued to manage our environment risks with effective controls in place.

Key aspects of our environmental management programme in FY22 included:

- Ongoing, progressive rehabilitation of previously mined areas.
- Focus on water and energy efficiencies and sustainability.
- Proactive reporting and managing of environmental hazards and incidents.
- Environmental training and awareness.
- Ensuring compliance with statutory guidelines.
- Pest predator and weed control activities.
- Community and stakeholder consultation.



Effective complaint handling

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 environmental issues are recorded via complaints registers maintained at all sites. All community inquiries and community complaints are investigated via our internal incident investigation system and are only closed off by senior management when resolved.

During FY22 there were two community complaints received. The first was from a neighbour located outside of a blast exclusion zone at the Stockton mine. No damage to people or infrastructure occurred from the blast. As an outcome of our investigation into this event, we have extended the blast exclusion zone to include the neighbour in our future blast notifications.

The second community complaint related to dust during a significant windy drought period at the Rotowaro mine. Corrective actions included an additional water truck, and imposing a speed limit to reduce dust generation.

Next year, we will be revisiting our environment incident investigation techniques and provide refresher incident training to our environment and community team. We proactively manage environment risks that could create a community complaint with identification and implementation of preventative controls. This includes championing a positive workplace knowledge and culture towards actioning effective environment controls. We recognise the critical role our employees play in our success for minimising environmental harm.



Material topic

Mine closure standard

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

Although mining and processing activities extend over decades, we recognise they are temporary, and that other activities and land use will follow.

We are committed to minimising the legacy impacts on the environment post-closure of our operational activities. We adopt a life-of-asset approach to closure planning which includes technical assessment, forecasting, and consulting with relevant stakeholders.

The content and level of detail in our closure plans depends on the timeframe to closure and decommissioning of the asset. We focus our business resources on assets within five years of expected closure. We also aim to manage the impacts of mine closure on employees, host communities and economic development through our workforce transition strategies.

During the year we commenced closure activities at the Canterbury mine, which allowed us to implement the closure phase of our internal Decommissioning and Mine Closure Management Standard for the first time. When we are working to relinquish operations such as our Canterbury mine, it is with the goal of delivering a positive legacy, both from an environmental as well as a stakeholder perspective.

As the rehabilitation of the mine progresses, the workforce is being released in stages; for example, stage one was when major bulk earthworks were completed. We have supported the workforce in transitioning to other employment such as redeployment opportunities to other Bathurst sites, provision of introductions to other Canterbury region extractive sites, and through offering outplacement services support. For more information on our successful approach to mine closure planning, see our case study on rehabilitation at the Canterbury mine.

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

Our three BT Mining mines have a historical Crown liability associated with them. We work with New Zealand Treasury - Te Tai Ōhanga to manage the rehabilitation processes of historic areas on their behalf.



Material topic

Emergency preparedness management

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

The COVID pandemic is a reminder that there is always a risk of an adverse event occurring. Hence, we have crisis management plans in place to minimise the impacts that a significant event could have on the public, our employees and the environment. This is integrated with our site emergency response plans, which are maintained and regularly tested at our mine sites.

Using our knowledge of our principal hazards per site, we have worked with New Zealand Mines Rescue Service (“NZMRS”) to prepare a company-wide skills training needs analysis (“TNA”) and have tested these skills via NZMRS supported emergency scenarios. In planning for our FY23 scenario training events, we have elaborated on the TNA to ensure our site emergency rescues team are adequately training and testing for our highest critical risk situations.

Last year we reported that the emergency management skills of our workforce were tested during a flooding incident at Westport township where most of our Stockton mine employees live. Two further state of emergency flood events occurred in February and August 2022. This again required the assistance of our 40 trained workers in the New Zealand Coordinated Incident Management System, as well as provision of specialised equipment for flood response and recovery.

We are proud that the majority of our workforce actively participated in the two events to support the needs of the community. See our case study on flood emergency support for further information on how we got involved in the recovery effort.

Next year, we have committed to working with the West Coast Civil Defence Emergency Management Group to further align our trained workforce and local logistics knowledge for any future events.

Our people



1.



2.



3.



4.



5.



6.



7.



8.



9.



10.

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. Damian Spring

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 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations provides an in-depth overview of our corporate governance framework and is available on our website at <https://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 ("NZ ETS") came into effect from 1 July 2010, which essentially makes us liable for greenhouse gas emissions associated with the coal we mine and sell in New Zealand and for the fugitive emissions of methane associated with that mined coal. Liability is based on the type and quantity of coal tonnes sold, with the cost of such being passed on to customers. Our Emissions Trading Policy can be found on our website.

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

Environmental and social risks

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

As part of our commitment to transparency on these issues we have selected ten material topics that we believe represent the greatest areas of environmental 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 that we comply with regulations and achieve best practice mine rehabilitation standards and emergency preparedness plans.
- **Environment:** ensuring we are aware of our environmental impacts and that we reduce these as much as possible.

The other material risk 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 view us in the longer term as a resource company specialising in coal primarily for steelmaking, and other resource commodities crucial to the global economy.

Donations

Bathurst made donations totalling \$21,947 to several local groups during the year including scholarships. Further information of recipients as well as total donations made including those made by joint venture BT Mining can be found within the socio-economic part of the sustainability section of this annual report.



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 2022:

Peter Westerhuis Non-executive Chairman

Francois Tumahai Non-executive Director

Richard Tacon Executive Director

Russell Middleton Executive Director

Other current directorships of listed companies

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

Other entries in the interests register

Other changes to the interest register during the year were the lapsing and issue of performance rights to 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 \$10k plus disbursements.

Directors' securities interests

Director	Ordinary shares	Performance rights
Peter Westerhuis	351,863	-
Francois Tumahai	-	-
Richard Tacon	1,600,302	581,153
Russell Middleton	1,252,830	464,923

For details of changes in performance rights refer to note 18 of the financial statements.

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 enables the ability to recognise individual achievements and results, attract and retain high calibre people, and with the focus on the long-term, align with shareholder's interest of sustainable growth.

The framework has three components:

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

Fixed remuneration

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

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

External benchmarking reports and labour market conditions are used as a guide when setting salaries for all other employees.

Fixed remuneration on an individual basis is reviewed periodically, and on promotion. Fixed remuneration on a collective basis is reviewed annually by 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.

STIs for FY21 were paid out during the year without any discount applied, adjusted for individual performance levels.

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

Two issues of performance rights occurred during FY22, one to executive directors and one to SLT. Further information can be found in note 18 of the financial statements.

Health and other insurance

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

Superannuation

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

Directors' remuneration

The total remuneration and other benefits to directors for services in all capacities during the year ended 30 June 2022 was:

Director	Director fees	Fixed remuneration and STI	LTI performance rights	Total FY22	Total FY21
Peter Westerhuis	177,471	-	-	177,471	90,300
Francois Tumahai	92,500	-	-	92,500	15,000
Richard Tacon	-	1,061,641	80,463	1,142,104	698,445
Russell Middleton	-	895,189	64,370	959,559	515,430
Total	269,971	1,956,830	144,833	2,371,634	1,476,675

Fixed remuneration and STI for both Richard Tacon and Russell Middleton are in their capacity as CEO and Chief Financial Officer ("CFO") respectively. LTI performance rights is the share-based payment expense of the performance rights.

The increase in fees to Peter Westerhuis reflects his appointment as Chairman of the Board effective 1 July 2021, as well as an underlying increase in Chairman fees, as disclosed under the non-executive director fees segment of this section of the annual report. The increase in fees for Francois Tumahai primarily reflect a full year as non-executive director (two months in FY21).

The increase in fixed remuneration and STI to Richard Tacon and Russell Middleton reflect:

- STIs paid at the full rate (discounted by 80 percent in FY21); and
- an additional discretionary payment in recognition of their vital contribution to the successful defence of a substantial legal claim that was ruled in Bathurst's favour in July 2021 (refer note 23 of the financial statements for further information).

Employee remuneration

During the year ended 30 June 2022, 26 Bathurst (and its subsidiaries) employees, excluding the CEO and CFO, received individual remuneration over \$100,000.

Range	# of employees
100,001 – 110,000	3
110,001 – 120,000	2
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	1
190,001 – 200,000	1
220,001 – 230,000	3
230,001 – 240,000	1
270,001 – 280,000	1
380,001 – 390,000	1
400,001 – 410,000	1
430,001 – 440,000	1

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02

Financial statements

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Authorised for and on behalf of the Board of Directors:



Peter Westerhuis
Chairman

29 August 2022



Russell Middleton
Executive director

29 August 2022

Income statement

For the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Revenue from contracts with customers	3	39,587	48,167
Cost of sales	4	(34,325)	(38,141)
Gross profit		5,262	10,026
Equity accounted profit	13	53,196	13,235
Other income		167	671
Depreciation	10	(2,385)	(2,935)
Administrative and other expenses	5	(10,089)	(6,771)
Movement in deferred consideration	15 (c)	356	59,391
(Loss)/gain on disposal of fixed assets		(681)	375
Impairment losses	8	(309)	(22,455)
Operating profit before tax		45,517	51,537
Fair value movement on convertible bond derivative	15 (b)	(12,334)	1,124
Finance cost	6	(2,705)	(2,565)
Finance income	6	20	16,625
Profit before income tax		30,498	66,721
Income tax benefit	7	-	-
Profit after tax		30,498	66,721
Earnings per share:		Cents	Cents
Basic profit per share	19	17.55	39.03
Diluted profit per share	19	17.36	35.53

Statement of comprehensive income

For the year ended 30 June 2022

Profit after tax		30,498	66,721
Other comprehensive income ("OCI")			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		1,520	280
Share of BT Mining hedging through OCI	13	8,750	(5,108)
Comprehensive income		40,768	61,893

Statement of financial position

As at 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Cash and cash equivalents		4,765	4,395
Restricted short-term deposits		4,508	4,247
Trade and other receivables	9	4,357	4,286
Inventories		1,495	1,219
New Zealand emission units		309	1,493
Crown indemnity	52	-	-
Total current assets		15,486	15,640
Property, plant and equipment	10	9,720	12,518
Mining assets	11	14,490	15,690
Interest in joint ventures	13	169,560	114,236
Crown indemnity	16	729	764
Other financial assets		220	1,020
Total non-current assets		194,719	144,228
TOTAL ASSETS		210,205	159,868
Trade and other payables	15 (a)	8,368	6,762
Borrowings	15 (b)	260	983
Deferred consideration	15 (c)	920	998
Rehabilitation provisions	16	1,172	3,798
Convertible bond derivative	15 (b)	-	772
Total current liabilities		10,720	13,313
Borrowings	15 (b)	508	10,358
Deferred consideration	15 (c)	1,544	2,517
Rehabilitation provisions	16	4,100	4,914
Total non-current liabilities		6,152	17,789
TOTAL LIABILITIES		16,872	31,102
NET ASSETS		193,333	128,766
Contributed equity	17	316,970	293,107
Reserves	18	(26,123)	(36,329)
Accumulated losses		(97,514)	(128,012)
EQUITY		193,333	128,766

For and on behalf of the Board of Directors:



Peter Westerhuis
Chairman
29 August 2022



Russell Middleton
Executive Director
29 August 2022

Statement of changes in equity

For the year ended 30 June 2022

Note	Contributed equity	Debt instruments equity component	Share- based payments	Foreign exchange/ hedging	Retained earnings	Re- organisation reserve	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
1 July 2020	293,107	17,622	357	948	(212,355)	(32,760)	66,919
Income	-	-	-	(4,828)	66,721	-	61,893
Share-based payments	-	-	(46)	-	-	-	(46)
Maturity of debt instruments	-	(17,622)	-	-	17,622	-	-
30 June 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	17	23,863	-	-	-	-	23,863
30 June 2022	316,970	-	247	6,390	(97,514)	(32,760)	193,333

Statement of cash flows

For the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Receipts from customers		39,493	48,134
Payments to suppliers and employees		(41,214)	(38,611)
Dividend from BT Mining		9,750	-
Net cash inflow from operating activities	21	8,029	9,523
Cash flows from investing activities			
Exploration and consenting expenditure		(388)	(208)
Mining assets (including capitalised waste moved in advance)		(2,375)	(4,589)
Property, plant and equipment purchases net of disposals		(262)	1,039
Deferred consideration		(982)	(1,173)
NWP Coal Canada Limited	13 (b)	(809)	(793)
Other		(32)	(182)
Net cash outflow from investing activities		(4,848)	(5,906)
Cash flows from financing activities			
Interest received		5	27
Other finance costs paid		(2)	(158)
Interest on leases		(82)	(143)
Repayment of leases		(1,220)	(1,231)
Interest on debt instruments		(1,251)	(830)
Issue of AUD convertible bonds		-	10,638
Debt instrument principal repayment		-	(11,966)
Net cash outflow from financing activities		(2,550)	(3,663)
Net increase/(decrease) in cash		631	(46)
Cash and cash equivalents at the beginning of the year		4,395	4,495
Restricted short-term deposits at the beginning of the year		4,247	4,193
Total cash at the end of the year		9,273	8,642

Notes to the financial statements

For the year ended 30 June 2022

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 2022 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 29 August 2022.

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 2022

1. About our financial statements continued

Key judgements and estimates

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

- Note 8 Impairment
- Note 11 Mining assets
- Note 15 (c) Deferred consideration
- Note 15 (b) Conversion option of convertible bond
- Note 16 Rehabilitation provisions

Reserves and resources

Reserves and resources are based on information compiled by a Competent Person as defined in accordance with the Australasian Code of Mineral Resources and Ore Reserves of 2012 (the JORC Code). There are numerous uncertainties inherent in estimating reserves and assumptions that are valid at the time of estimation but that may change significantly when new information becomes available. Changes in forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values, provisions for rehabilitation, and deferred consideration.

Standards and interpretations adopted during the year

The financial information presented for the year ended 30 June 2022 has been prepared using accounting policies consistent with those applied in the 30 June 2021 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 2022, contributing \$23.5m (2021: two customers, \$22.9m and \$8.9m).

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 tax³	107,103	20,120	(18,933)	108,290	(116,017)	45,517
Net finance costs	(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 tax³	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 ⁴	128,304	51,256	(18,303)	161,257	(162,346)	(1,089)

³ 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.

⁴ Earnings before net finance costs (including interest), tax, depreciation, amortisation, impairment, fair value movement on deferred consideration and rehabilitation provisions.

Notes to the financial statements

For the year ended 30 June 2022

2. Segment information continued

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

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

	2022 \$'000	2021 \$'000
Coal sales	24,754	33,247
Freight and ash disposal revenue	14,833	14,920
Sales revenue from contracts with customers	39,587	48,167

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 2022

4. Cost of sales

	Note	2022 \$'000	2021 \$'000
Raw materials, mining costs and consumables used		9,356	12,557
Freight costs		13,889	12,207
Mine labour costs		7,691	10,012
Amortisation expenses		3,653	3,129
Changes in inventories of finished goods and work in progress		(264)	236
Total cost of sales		34,325	38,141

5. Administrative and other expenses

Administrative and other expenses include the following items:

Remuneration of auditors		195	205
Directors' fees		270	255
Legal fees		3,935	1,585
Consultants		563	1,050
Employee benefit expense		3,140	2,113
Rent		63	84
Share-based payments	18	(64)	(46)

Included in remuneration of auditors is \$71k relating to the half year review with the remainder for end of year audit fees.

6. Net finance costs

Interest income	5	18
Reversal of accrued interest on deferred consideration	-	10,983
Foreign exchange movement on deferred consideration	-	5,086
Unrealised foreign exchange gain on debt instruments	-	538
Realised foreign exchange	15	-
Total finance income	20	16,625
Interest expense on finance leases	(82)	(153)
Interest expense on debt instruments	(1,947)	(1,596)
Unrealised foreign exchange loss	(312)	(1)
Rehabilitation provisions unwinding of discount	16	(61)
Deferred consideration unwinding of discount	15 (c)	(286)
Other finance costs		(17)
Total finance costs	(2,705)	(2,565)
Total net finance (cost)/income	(2,685)	14,060

Notes to the financial statements

For the year ended 30 June 2022

7. Income tax benefit

	2022 \$'000	2021 \$'000
(a) Income tax benefit		
Current tax	-	6,328
Deferred tax	-	(6,328)
Income tax benefit	-	-
Reconciliation of income tax benefit to tax payable		
Profit before income tax	30,498	66,721
Tax at the standard New Zealand rate of 28 percent	8,539	18,682
<i>Tax effects of amounts not assessable in calculating taxable income:</i>		
Share of joint venture equity profit	(14,895)	(3,705)
Taxable temporary differences not recognised	(1,605)	-
Non-taxable adjustments including movement on deferred consideration	3,464	(19,876)
Current year losses not recognised as a deferred tax asset	4,497	4,899
Income tax benefit	-	-
(b) Imputation credits		
Opening balance imputation credit account	15,578	15,577
Imputation credits attached to dividends received and other items	3,792	1
Imputation credits available for use in future periods	19,370	15,578

Accounting policy

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for New Zealand adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the financial statements

For the year ended 30 June 2022

8. Impairment

	Note	2022 \$'000	2021 \$'000
Impairment of historical exploration and evaluation expenditure		309	-
Impairment of New Brighton historical acquisition value	11	-	12,810
Impairment of Canterbury mining and property, plant and equipment assets	10 & 11	-	9,645
Impairment losses		309	22,455

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 2022.

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 year \$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 2022.

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 2022

9. Financial assets

Trade and other receivables	Note	2022 \$'000	2021 \$'000
Trade receivables from contracts with customers		3,636	3,518
Receivable from BT Mining	13	478	90
Other receivables and prepayments		243	678
Total trade and other receivables		4,357	4,286

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 2022

10. Property, plant and equipment

	Freehold land	Buildings	Mine infrastructure	Plant & machinery	Furniture and fittings \$'000	Work in progress	Total
Year ended 30 June 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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
Year ended 30 June 2021							
Opening net book value	2,709	1,689	125	12,354	512	598	17,987
Additions	94	-	-	-	48	926	1,068
Transfers	-	-	-	1,067	44	(1,111)	-
Depreciation & other adjustments	(777)	(159)	(30)	(4,989)	(582)	-	(6,537)
Closing net book value	2,026	1,530	95	8,432	22	413	12,518
Cost	15,522	7,368	2,913	30,691	3,035	12,753	72,282
Accumulated write-downs	(13,496)	(5,838)	(2,818)	(22,259)	(3,013)	(12,340)	(59,764)
Closing net book value	2,026	1,530	95	8,432	22	413	12,518

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

	Freehold land	Buildings	Plant & machinery	Furniture and fittings \$'000	Total
Year ended 30 June 2022	\$'000	\$'000	\$'000	\$'000	\$'000
Opening net book value	143	307	3,883	48	4,381
Additions	-	12	-	-	12
Disposals	-	-	(462)	-	(462)
Depreciation	(27)	(204)	(811)	(24)	(1,066)
Closing net book value	116	115	2,610	24	2,865

Notes to the financial statements

For the year ended 30 June 2022

10. Property, plant and equipment continued

Accounting policy

Leases

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

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

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

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

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

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

Property, plant and equipment

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

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

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Notes to the financial statements

For the year ended 30 June 2022

11. Mining assets

	Note	2022 \$'000	2021 \$'000
Exploration and evaluation assets			
Opening balance		1,790	1,869
Expenditure capitalised		697	150
Impairment of Canterbury mine assets		-	(229)
Impairment of historical balances in Buller Coal project	8	(309)	-
Total exploration and evaluation assets		2,178	1,790
Mining licences/permits and capitalised waste moved in advance			
Opening balance		13,900	32,649
Expenditure capitalised		105	312
Amortisation		(3,653)	(3,129)
Impairment of Canterbury mine assets		-	(7,359)
Impairment of New Brighton historical acquisition value		-	(12,810)
Waste moved in advance capitalised		1,960	4,237
Total mining licences/permits and capitalised waste moved in advance		12,312	13,900
Total mining assets		14,490	15,690

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 2022

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 2022

12. Investment in subsidiaries

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

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2022 %	2021 %
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	-
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 2022

13. Interest in joint ventures

	2022 \$'000	2021 \$'000
Interest in BT Mining Limited ("BT Mining")	149,962	97,718
Interest in NWP Coal Canada Limited ("NWP")	19,598	16,518
Total interest in joint ventures	169,560	114,236

(a) BT Mining

(a) Balances held in BT Mining

Equity investment	16,250	16,250
Share of retained earnings net of dividends received	133,712	81,468
Total interest in BT Mining	149,962	97,718
Opening balance	97,718	89,543
Receipt of dividend	(9,750)	-
Share of BT Mining profit	53,244	13,283
Share of BT Mining FX hedging through OCI	8,750	(5,108)
Closing balance	149,962	97,718

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 single CGU for impairment assessment purposes, comprised of two CGUs within the CGU. In assessing the recoverability of the Stockton mine (Buller Plateau) CGU the value in use future cash flows were calculated with reference to:

- forecast sales of estimated recoverable reserves over the life of the individual mining permits which expire by 2029;
- forecast hard coking coal prices decreasing from USD \$331 to a longer-term average of USD \$170 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 0.67 thereafter; and
- a post-tax discount rate of 9.8 percent, pre-tax 13.5%.

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 over the life of the individual mining permits between three to eight years;
- assumption that mining permit resource consents can be renewed post FY23;
- assumption that future coal prices are consistent with current contracted prices; and
- a post-tax discount rate of 9.8 percent, pre-tax 13.5%.

Notes to the financial statements

For the year ended 30 June 2022

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 2022 \$2.6m of salaries were recharged from Bathurst to BT Mining (2021: \$2.4m) and \$0.9m recharged from BT Mining to Bathurst (2021: \$0.7m). There was a receivable balance due from BT Mining to Bathurst of \$0.5m (2021: \$0.1m).

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 2022 were \$4.2m (2021: \$4.5m).

	2022 \$'000	2021 \$'000
(b) Statement of financial position		
Cash	87,976	15,670
Restricted short-term deposits	14,620	2,133
Trade and other receivables	36,161	37,337
Crown indemnity	1,797	1,781
Inventories	52,900	31,312
New Zealand emission units	1,910	1,078
Derivative assets	10,850	-
Current assets	206,214	89,311
Property, plant and equipment	93,781	103,314
Mining assets	54,355	59,529
Crown indemnity	47,300	56,746
Other financial assets	114	755
Deferred tax asset	6,507	9,864
Non-current assets	202,057	230,208
TOTAL ASSETS	408,271	319,519
Trade and other payables	33,612	25,973
Tax payable	33,877	7,101
Borrowings	279	5,675
Finance leases	8,061	8,766
Derivative liabilities	-	7,848
Provisions	17,459	6,991
Current liabilities	93,288	62,354
Borrowings	-	723
Finance leases	20,290	26,720
Provisions	63,983	79,388
Non-current liabilities	84,273	106,831
TOTAL LIABILITIES	177,561	169,185
NET ASSETS	230,710	150,334
Share capital	25,000	25,000
Reserves	7,591	(5,871)
Retained earnings net of dividends paid	198,119	131,205
EQUITY	230,710	150,334

Notes to the financial statements

For the year ended 30 June 2022

13. Interest in joint ventures continued

(b) NWP

Balances held in NWP	2022 \$'000	2021 \$'000
Equity investment	19,362	16,253
Equitable share of profit	236	265
Total interest in NWP	19,598	16,518

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 \$110.0m	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.

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	241	275
Other current assets	47	178
Exploration and evaluation assets	41,677	35,336
Other non-current assets	1,825	1,274
TOTAL ASSETS	43,790	37,063
Current liabilities	163	528
Non-current financial liabilities	1,266	5,292
TOTAL LIABILITIES	1,429	5,820
NET ASSETS	42,361	31,243

Notes to the financial statements

For the year ended 30 June 2022

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:	2022 \$'000	2021 \$'000
Tax losses	19,919	13,892
Employee benefits	270	273
Provisions	1,257	2,225
Mining licences	21,001	21,001
Exploration and evaluation expenditure	812	812
Property, plant and equipment	3,548	3,741
Waste moved in advance	3,418	3,418
Other	69	87
Total deferred tax assets	50,294	45,449
Other	-	-
Total deferred tax liabilities	-	-
Net deferred tax asset not recognised	(50,294)	(45,449)
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 \$1.95m 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 2022

15. Financial liabilities

	2022 \$'000	2021 \$'000
(a) Trade and other payables		
Trade payables	2,292	1,321
Accruals	4,797	3,536
Employee benefit payable	1,279	1,465
Interest payable	-	397
Other payables	-	43
Total trade and other payables	8,368	6,762

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	260	983
Total current borrowings	260	983
Non-current		
Secured		
Lease liabilities	508	1,005
Convertible bonds	-	9,353
Total non-current borrowings	508	10,358
Total borrowings	768	11,341

Conversion of convertible bonds

The convertible bonds issued on 1 February 2021 with an original maturity date of 1 August 2022 were converted to ordinary share capital in BRL at the election of the note holders on the 11 May 2022 in accordance with the terms of the subscription agreement. 20.4m shares were issued at a strike price of AUD 0.49.

On the initial recognition of the bonds, the conversion feature (the ability to convert the instrument into shares) was classified as a derivative as it did not meet the 'fixed for fixed' test due to the denomination of the bonds being different to BRL's functional currency. The value recognised in equity on the conversion of the debt to share capital equals the fair value of the conversion feature on the conversion date, plus the amortised amount of principal debt on the conversion date using the effective interest rate method.

The fair value of the conversion option on maturity of the convertible bonds (representing \$13.1m of the value recognised in equity) was determined using a Black Scholes Model that considers the:

- exercise price (AUD 0.49) and volume weighted average share price at the conversion date (AUD 1.066);
- term of the conversion option;
- expected price volatility of the underlying share (97.4 percent) which is based on historical volatility; and
- expected dividend yield.

Notes to the financial statements

For the year ended 30 June 2022

15. Financial liabilities continued

(b) Borrowings continued

Lease liabilities

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

(c) Deferred consideration

	2022 \$'000	2021 \$'000
Current - acquisition of subsidiary	920	998
Non-current - acquisition of subsidiary	1,544	2,517
Total deferred consideration	2,464	3,515
Opening balance	3,515	79,317
Unwinding of discount	286	626
Fair value adjustment – New Brighton	(356)	(2,232)
Reversal of fair value of Buller coal project performance payment	-	(57,159)
Foreign exchange movement on Buller coal performance payment	-	(5,086)
Accrued interest on Buller coal project	-	(10,983)
Consideration paid net of movements in accruals during the year	(981)	(968)
Closing balance	2,464	3,515

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 (9.2%), projected production profile based on activity at the Takitimu mine (581kt) and forecast domestic coal prices (\$93 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 deferred consideration liability is as follows:

Key input	Change in input	2022		2021	
		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	(0.2)
Production levels	5 percent	(0.1)	0.2	(0.2)	0.2
Coal prices	\$5 per tonne	(0.1)	0.1	(0.2)	0.2

Notes to the financial statements

For the year ended 30 June 2022

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

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities at amortised cost

Trade and other payables and borrowings are subsequently measured at amortised cost using the effective interest rate method ("EIR"). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

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

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 2022

15. Financial liabilities continued

Accounting policy continued

Derecognition

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

Fair value

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

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

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

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

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

Key judgements and estimates

Deferred consideration

In valuing the deferred consideration payable under business acquisitions management uses estimates and assumptions. These include future coal prices, discount rates, coal production, and the timing of payments. The amounts of deferred consideration are reviewed at each balance date and updated based on best available estimates and assumptions at that time.

Conversion option of Convertible Bonds

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

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

Notes to the financial statements

For the year ended 30 June 2022

16. Rehabilitation provisions

	2022 \$'000	2021 \$'000
Current	1,172	3,798
Non-current	4,100	4,914
Total provisions	5,272	8,712
<i>Rehabilitation provision movement:</i>		
Opening balance	8,712	5,866
Unwinding of discount	61	38
Movement in Crown indemnity on acid mine drainage for Sullivan permit	16	182
Movement in provision net of expenditure incurred	(3,517)	2,626
Closing balance	5,272	8,712

The decrease in the provision is due to rehabilitation works completed at the Canterbury mine. Bonds totalling \$4.5m as shown on the face of the statement of financial position (30 June 2021: \$4.2m) are provided to various local councils in respect to future rehabilitation obligations.

Accounting policy

Provisions are made for site rehabilitation costs relating to areas disturbed during the mine's operation up to reporting date but not yet rehabilitated.

The obligation to rehabilitate arises at the commencement of the mining project; at this point a provision is recognised as a liability with a corresponding asset recognised as part of mining property and development assets. At each reporting date, the rehabilitation liability is re-measured in line with changes in the timing or amount of the costs to be incurred with a corresponding change in the cost of the associated asset.

If the change in the liability results in a decrease in the liability that exceeds the carrying amount of the asset, the asset is written down to nil and the excess is recognised immediately in the income statement. If the change in the liability results in an addition to the cost of the asset, the recoverability of the new carrying value is considered. Where there is an indication that the new carrying amount is not fully recoverable, an impairment test is performed with the write down recognised in the income statement in the period in which it occurs.

The amount of the provision relating to rehabilitation of environmental disturbance caused by on-going production and extraction activities is recognised in the income statement as incurred.

The net present value of the provision is calculated using an appropriate discount rate, based on management's best estimate of future costs of rehabilitation. The unwinding of the discount applied in calculating the net present value of the provision is charged to the income statement in each reporting period and is classified as a finance cost.

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

Key judgements and estimates

In calculating the estimated future costs of rehabilitating and restoring areas disturbed in the mining process certain estimates and assumptions have been made. The amount the Group is expected to incur to settle these future obligations includes estimates in relation to the appropriate discount rate to apply to the cash flow profile, expected mine life, application of the relevant requirements for rehabilitation, and the future expected costs of rehabilitation.

Changes in the estimates and assumptions used could have a material impact on the carrying value of the rehabilitation provision. The provision is reviewed at each reporting date and updated based on the best available estimates and assumptions at that time.

Notes to the financial statements

For the year ended 30 June 2022

17. Equity

	2022 Number of shares '000	2021 Number of shares '000
(a) Ordinary fully paid shares		
Opening balance	170,952	1,709,520
Issue of shares from conversion of convertible bonds	20,408	-
Share consolidation	-	(1,538,568)
Closing balance	191,360	170,952

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 the convertible bonds on 11 May 2022. Refer note 15 (b) for further information.

Dividends

There were no dividends paid or declared during the year.

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

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

	2022 \$'000	2021 \$'000
Share-based payment reserve	247	311
Foreign exchange translation reserve	1,456	(64)
Share of BT Mining FX hedging through OCI	4,934	(3,816)
Reorganisation reserve	(32,760)	(32,760)
Total reserves	(26,123)	(36,329)

Notes to the financial statements

For the year ended 30 June 2022

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 Black Scholes 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 \$0.6982, for the SLT performance rights AU \$0.7642. Key inputs used for the valuations were exercise price (nil), risk free rate (Exec: 0.92%, SLT: 1.48%), weighted average share price (Exec: AU \$0.72, SLT: AU \$0.79), dividend yield (nil), as well as expected volatility in the share price which is based on historical actual volatility (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	15 October 2022	460	-	(460)	-
SLT performance rights	15 October 2022	484	-	(484)	-
Executive director performance rights	1 December 2024	-	1,046	-	1,046
SLT performance rights	1 December 2024	-	935	-	935
		944	1,981	(944)	1,981

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 2021 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 2024 for both the performance rights on issue at year end. BRL also has to achieve a minimum total shareholder return compound annual growth rate for the period 1 July 2021 to and including 30 June 2024 for both issues. Rights lapsed during the year as the total shareholder return compound annual growth rate was not achieved.

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 2022

19. Earnings per share

	2022 Cents	2021 Cents
(a) Earnings per share ("EPS")		
Basic EPS	17.55	39.03
Diluted EPS	17.36	35.53
(b) Reconciliation of earnings used in calculation	\$'000	\$'000
Earnings used to calculate basic EPS	30,498	66,721
Interest expense on convertible instruments & movement on convertible bond derivative	-	100
Earnings used in calculation of diluted EPS	30,498	66,821
(c) Weighted average number of shares	Shares 000s	Shares 000s
Weighted average shares used in calculation of basic EPS	173,747	170,952
Dilutive potential ordinary shares (average weighted convertible notes and bonds)	-	17,127
Dilutive potential ordinary shares (performance rights)	1,981	-
Weighted average shares used in calculation of diluted EPS	175,728	188,079

Accounting policy

Basic earnings per share

Basic earnings per share is calculated by dividing:

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

Diluted earnings per share

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

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

Notes to the financial statements

For the year ended 30 June 2022

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 2022. 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.

	Less than 6 months	6 - 12 months	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total contractual flows \$'000
30 June 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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

Notes to the financial statements

For the year ended 30 June 2022

20. Financial risk management continued

Liquidity risk continued

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

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	2022 \$'000	2021 \$'000
Amortised cost		
Cash and cash equivalents	4,765	4,395
Restricted short-term deposits	4,508	4,247
Trade and other receivables	4,357	4,286
Other financial assets	220	1,020
Crown Indemnity	781	764
Total financial assets	14,631	14,712
Financial liabilities		
Amortised cost		
Trade and other payables	8,368	6,762
Borrowings	768	11,341
<i>Fair Value</i>		
Deferred consideration	2,464	3,515
Total financial liabilities	11,600	21,618

Notes to the financial statements

For the year ended 30 June 2022

21. Reconciliation of profit to operating cash flows

	2022 \$'000	2021 \$'000
Profit before income tax	30,498	66,721
Dividend received from BT Mining	9,750	-
<i>Non-cash items:</i>		
Depreciation and amortisation	6,038	6,064
Share-based payments	(64)	(46)
Share of joint venture equity share of profit	(53,196)	(13,235)
<i>Non-operating:</i>		
Movement on rehabilitation provision & discount unwind	(3,438)	3,124
Movement on deferred consideration & discount unwind	(70)	(58,765)
Interest on deferred consideration	-	(10,983)
Interest on debt instruments and finance leases	2,029	1,748
Other	(5)	134
Unrealised FX including movement on deferred consideration	297	(5,620)
Impairments	309	22,455
Loss/(gain) on sale of PPE	681	(375)
Movement in convertible instrument derivatives	12,334	(1,124)
Movement in working capital	2,866	(575)
Cash flow from operating activities	8,029	9,523

22. Key management personnel compensation

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

	Short-term benefits \$'000	Share-based payments \$'000	Total \$'000
30 June 2022			
Management	3,901	248	4,149
Non-executive directors	270	-	270
Total	4,171	248	4,419
30 June 2021			
Management	2,443	241	2,684
Non-executive directors	256	-	256
Total	2,699	241	2,940

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 2022

23. Contingent liabilities

The Supreme Court judgment on the first Performance Payment (and subsequent action against guarantor)

On 23 December 2016 Bathurst announced that L&M Coal Holdings Limited ("L&M") had filed legal proceedings in the High Court of New Zealand in relation to an alleged breach of the first USD \$40m Performance Payment described in note 15 (c). After 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 subject share sale contract, the level of royalty payments required to be made in order to enjoy the benefit of an agreed suspension of the Performance Payments (clause 3.10 of the Agreement for Sale and Purchase ("ASP")) should not be interpreted as royalty payments equal to those arising from a level of mining consistent with that occurring when the relevant shipping volume had been reached. This meant that for so long as Bathurst and Buller Coal were continuing to pay the relevant royalty payments actually due under the terms of the related Royalty Deed (and even if that royalty sum was zero), they were entitled to delay payment of the Performance Payment.

On 22 September 2021 L&M served Bathurst and its subsidiary Buller Coal, with further proceedings. Despite the Supreme Court's judgment of 14 July 2021, L&M's new action seeks declarations that would permit it to assert that there has been an event of default by the subsidiary Buller Coal (although not by Bathurst) under a related Deed of Guarantee and Security between the parties. L&M pursues two arguments:

- Primarily, L&M asserts that even though the Supreme Court has held that the first Performance Payment is not a debt that is presently due and payable by Bathurst, the same first Performance Payment is still due and payable by Buller (as guarantor of Bathurst); and
- As a fallback argument, it also asserts that Buller failed to provide sufficient response to an information request it made of Buller on 6 November 2019.

Bathurst and Buller, based on legal advice, consider this latest legal action by L&M to be without merit. The Supreme Court is the highest court in New Zealand, and there are no further rights of appeal from its judgment. A hearing on the merits of L&M's new action under the Deed of Guarantee and Security was held in June 2022. BRL expects a judgment later this year.

Change in control arbitration – the first and second performance payments

On 4 May 2020 Bathurst announced that L&M had given Bathurst notice that L&M intended to pursue further legal action under the terms of the ASP.

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

Based on legal advice received, the directors believe that it is more than likely that this second claim by L&M would be unsuccessful. Further, the effect of the Supreme Court judgment above is that it is also more than likely that, even if the change in control provision has been triggered – which Bathurst denies – payment of the first and second Performance Payments remains suspended by clause 3.10 of the ASP. The arbitration commenced in July 2022 and owing to scheduling difficulties will not likely conclude until October 2022. BRL expects a judgment in late 2022 or early 2023.

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.

Additional information

For the year ended 30 June 2022

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

	2022 \$'000	2021 \$'000
Revenue from contracts with customers	353,757	207,204
Realised FX and coal price hedging	(58,559)	5,422
Less: cost of sales	(187,678)	(159,553)
Gross profit	107,519	53,073
Other income	710	889
Equity accounted loss	(48)	(48)
Depreciation	(17,560)	(17,782)
Administrative and other expenses	(22,280)	(18,511)
Fair value movement on deferred consideration	356	62,791
(Loss)/gain on disposal of fixed assets	(705)	375
Impairment losses	(309)	(22,455)
Operating profit before tax	67,683	58,332
Fair value movement on convertible bond derivative	(12,334)	1,124
Finance cost	(4,634)	(5,297)
Finance income	512	16,694
Profit before income tax	51,227	70,853
Income tax expense	(20,730)	(4,132)
Profit after income tax	30,498	66,721

Additional information

For the year ended 30 June 2022

Consolidated statement of financial position

	2022 \$'000	2021 \$'000
Cash and cash equivalents	61,949	14,581
Restricted short-term deposits	14,011	5,633
Trade and other receivables	27,861	28,554
Crown indemnity	1,220	1,158
Inventories	35,880	21,572
New Zealand emission units	1,551	2,194
Derivative assets	7,053	-
Total current assets	149,525	73,692
Property, plant and equipment ("PPE")	70,678	79,672
Mining assets	49,821	54,384
Crown indemnity	31,474	37,649
Interest in joint ventures	19,598	16,518
Deferred tax asset	4,230	6,412
Other financial assets	294	1,511
Total non-current assets	176,095	196,146
TOTAL ASSETS	325,620	269,838
Trade and other payables	30,216	23,644
Tax payable	22,020	4,616
Finance leases	5,500	6,681
Borrowings	181	4,672
Derivative liabilities	-	5,873
Deferred consideration	920	998
Provisions	12,520	8,342
Total current liabilities	71,357	53,843
Borrowings	-	9,823
Finance leases	13,697	18,373
Deferred consideration	1,544	2,517
Provisions	45,689	56,516
Total non-current liabilities	60,930	87,229
TOTAL LIABILITIES	132,287	141,072
NET ASSETS	193,333	128,766
Contributed equity	316,970	293,107
Reserves	(26,123)	(36,329)
Retained earnings net of dividends	(97,514)	(128,012)
EQUITY	193,333	128,766

Additional information

For the year ended 30 June 2022

Consolidated cash flow

	2022 \$'000	2021 \$'000
Cash flows from operating activities		
Receipts from customers	293,497	218,422
Payments to suppliers and employees	(198,057)	(157,001)
Taxes paid	(4,547)	(18,151)
Net inflow from operating activities	90,893	43,270
Cash flows from investing activities		
Exploration and evaluation expenditure	(735)	(212)
Mining assets (incl. elevated stripping)	(11,040)	(20,332)
PPE purchases net of disposals	(8,067)	(6,225)
Payment of deferred consideration	(2,261)	(4,629)
Investment in NWP	(809)	(793)
Other	(42)	(182)
Net outflow from investing activities	(22,954)	(32,373)
Cash flows from financing activities		
Repayment of leases net of drawdowns	(7,062)	(8,487)
Interest on leases	(1,207)	(1,448)
Interest on BRL borrowings	(1,251)	(830)
USD bond and convertible note repayment	-	(11,966)
Issue of AUD convertible bonds	-	10,638
Repayment of borrowings net of drawdowns	(2,191)	(3,879)
Interest on borrowings	(369)	(358)
Interest received	117	40
Other finance costs	(230)	(345)
Net outflow from financing activities	(12,193)	(16,635)
Net increase/(decrease) in cash and cash equivalents	55,746	(5,738)
Opening cash and cash equivalents including restricted short-term deposits	20,214	25,952
Closing cash and cash equivalents	75,960	20,214

Independent auditor's report

To the shareholders of Bathurst Resources Limited

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Bathurst Resources Limited (the 'Company') and its subsidiaries (the 'Group') on pages 59 to 90:

- i. present fairly in all material respects the consolidated financial position as at 30 June 2022 and its financial performance and cashflows for the year ended on that date in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 30 June 2022;
- the consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies.

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

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at \$1,600,000 determined with reference to a benchmark of normalised Group operating profit before tax. We chose the benchmark because, in our view, this is a key measure of the Group's performance.

Independent auditor's report

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion.

Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter

How the matter was addressed in our audit

Assessment of recoverability of cash-generating unit assets

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

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

Key judgements include:

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

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

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

- 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.

As an overall test we compared the Group's net assets as at 30 June 2022 of \$193 million to the Group's market capitalisation of NZ\$228 million based on the share price at 30 June 2022 and noted an implied headroom of \$34 million.

Revenue recognition

Refer to note 3 of the financial statements.

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

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

This was an area of audit focus as revenue recognition requires judgement as does the process to conclude on the treatment of each contract.

Our audit procedures included:

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

Independent auditor's report

Other information

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

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

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of the directors for the consolidated financial statements

The directors, on behalf of the Company, are responsible for:

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

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

Our objective is:

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

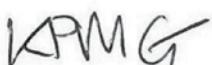
Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

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

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

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/> This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is David Gates For and on behalf of



KPMG
Wellington

29 August 2022

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Shareholder information

In this section

[Shareholder information](#)

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Shareholder information

Reported as at 30 September 2022 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 holders
Quoted			
Ordinary fully paid shares		191,359,780	2,297
Unquoted			
Executive director performance rights	18	1,046,076	2
SLT performance rights	18	935,083	6

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 2022.

Distribution of quoted equity securities

Holding range	Number shareholders	Number ordinary shares	Percentage of ordinary shares
1 – 1,000	809	491,357	0.26%
1,001 – 5,000	857	2,195,275	1.15%
5,001 – 10,000	267	2,131,458	1.11%
10,001 – 100,000	292	9,131,287	4.77%
100,001 and over	72	177,410,403	92.71%
Total	2,297	191,359,780	100%

There were 384 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 91¢ 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 23 September 2022:

	Number of shares held	Percentage of issued shares
Republic Investment Management Pte Limited ("RIM")	40,873,155	21.4
Talley's Group Limited	20,659,306	10.8
Crocodile Capital Partners GmbH	14,451,452	7.6
Chng Seng Chye	11,557,998	6.0

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>	61,044,891	31.90
2	CITICORP NOMINEES PTY LIMITED	40,347,032	21.08
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15,555,493	8.13
4	CHNG SENG CHYE	9,596,041	5.01
5	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	8,927,017	4.67
6	CROCODILE CAPITAL OFFSHORE FUND	3,877,550	2.03
7	MR SAN TIONG NG	2,897,383	1.51
8	AFE INVESTMENTS PTY LIMITED	2,788,877	1.46
9	ANG POON LIAT	2,710,476	1.42
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,634,557	1.38
11	TH INVESTMENTS PTE LIMITED	2,392,392	1.25
12	JOHN MCCALLUM	2,127,144	1.11
13	RICHARD TACON	1,469,302	0.77
14	NATIONAL NOMINEES LIMITED	1,326,275	0.69
15	BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS DRP>	1,018,550	0.53
16	TAN PEI SAN	964,749	0.50
17	CHOW SHOOK LIN	909,090	0.48
18	TREADSTONE RESOUCHE PARTNERS PTY LTD	727,272	0.38
19	INVIA CUSTODIAN PTY LIMITED <HARGREAVES S/FUND A/C>	704,545	0.37
20	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	689,616	0.36
Total top 20 shareholders		162,708,252	85.03
Total remaining shareholders		28,651,528	14.97

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04

Resources and reserves

In this section

- [Tenement schedule](#)
- [Coal resources and reserves](#)

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Tenement schedule

At 30 June 2022.

Permit ID	Location (region)	Minerals	Permit type	Permit operator	Bathurst interest
60422	Waikato	Coal	Mining Permit	BT Mining Limited	65%
60321	West Coast	Minerals	Exploration Permit	Bathurst Coal Limited	100%
56233	West Coast	Coal	Mining Permit	Buller Coal Limited	100%
56220	Waikato	Coal	Exploration Permit	BT Mining Limited	65%
53614	Southland	Coal	Mining Permit	Bathurst Coal Limited	100%
52937	West Coast	Coal	Mining Permit	BT Mining Limited	65%
51279	West Coast	Coal	Mining Permit	Buller Coal Limited	100%
41821	Waikato	Coal	Mining Permit	BT Mining Limited	65%
41810	West Coast	Coal	Mining Permit	BT Mining Limited	65%
41515	West Coast	Coal	Mining Permit	BT Mining Limited	65%
41456	West Coast	Coal	Mining Permit	Buller Coal Limited	100%
41455	West Coast	Coal	Mining Permit	Bathurst Coal Limited	100%
41372	Canterbury	Coal	Mining Permit	Bathurst Coal Limited	100%
41332	West Coast	Coal	Mining Permit	Buller Coal Limited	100%
41274	West Coast	Coal	Mining Permit	Buller Coal Limited	100%
40698	Waikato	Coal	Exploration Permit	BT Mining Limited	65%
40628	West Coast	Coal	Exploration Permit	Buller Coal Limited	100%
40625	Southland	Coal	Exploration Permit	New Brighton Collieries Limited	100%
40591	West Coast	Coal	Exploration Permit	Bathurst Coal Limited	100%
37161	West Coast	Coal	Coal Mining Licence	Bathurst Coal Limited	100%
3716101	West Coast	Coal	Ancillary Coal Mining Licence	Bathurst Coal Limited	100%
3716102	West Coast	Coal	Ancillary Coal Mining Licence	Bathurst Coal Limited	100%
3716103	West Coast	Coal	Ancillary Coal Mining Licence	Bathurst Coal Limited	100%
3716104	West Coast	Coal	Ancillary Coal Mining Licence	Bathurst Coal Limited	100%
37155	Waikato	Coal	Coal Mining Licence	BT Mining Limited	65%
3715501	Waikato	Coal	Ancillary Coal Mining Licence	BT Mining Limited	65%
37153	Waikato	Coal	Coal Mining Licence	BT Mining Limited	65%
3715301	Waikato	Coal	Ancillary Coal Mining Licence	BT Mining Limited	65%
37150	West Coast	Coal	Coal Mining Licence	BT Mining Limited	65%
3715002	West Coast	Coal	Ancillary Coal Mining Licence	BT Mining Limited	65%
3715003	West Coast	Coal	Ancillary Coal Mining Licence	BT Mining Limited	65%

Tenement schedule

Resource permitting changes 1 July 2021 to 30 June 2022.

Permit applications in past 12 months

Permit ID	Permit type	Operator	Location (region)	Applied date	Permit name	Bathurst interest
60915	Mining	BT Mining Limited	Waikato	23/6/2022	Rotowaro North	65%
60901	Prospecting	Bathurst Minerals Limited	Waikato	27/4/2022	Taupo Volcanic Zone East	100%

Permit applications granted in past 12 months

Permit ID	Permit type	Operator	Location (region)	Granted date	Operation name	Bathurst interest
51279	Mining	Buller Coal Limited	West Coast	7/6/2022	Escarpmment	100%

Application type – change of permit tier status

Permits granted in past 12 months

None.

Full surrender

Permit ID	Permit type	Operator	Location (region)	Minerals	Operation name	Bathurst interest
54846	Exploration permit	Bathurst Coal Limited	Canterbury	Coal	Albury	100%

Expired

None.

Coal resources

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

Area	Bathurst ownership	2022 Measured resource	2021 Measured resource	Change	2022 Indicated resource	2021 Indicated resource	Change	2022 Inferred resource	2021 Inferred resource	Change	2022 Total resource	2021 Total resource	Change
Escarpment ^(1 & 9)	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 ^(1 & 9)	100%	0.5	0.5	0.0	0.6	0.6	0.0	0.3	0.3	0.0	1.4	1.4	0.0
Deep Creek ^(1 & 3)	100%	6.2	6.2	0.0	3.1	3.1	0.0	1.6	1.6	0.0	10.9	10.9	0.0
Coalbrookdale ^(1 & 9)	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
Whareata West ^(1 & 9)	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 ^(1 & 9)	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 ^(2, 5, 6 & 9)	65%	2.6	2.6	0.0	7.3	7.8	(0.5)	5.8	5.9	(0.1)	15.7	16.3	(0.6)
Upper Waimangaroa (Met) ^(2, 4, 5 & 9)	65%	0.6	0.7	(0.1)	13.2	13.2	0.0	32.4	32.4	0.0	46.2	46.3	(0.1)
Upper Waimangaroa (Thermal) ^(2, 5 & 9)	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%	3.2	3.3	(0.1)	21.1	21.6	(0.5)	39.1	39.2	(0.1)	63.4	64.1	(0.7)
Millerton North ^(1 & 3)	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 Totals ^(1 & 3)	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 ^(1 & 3)	100%	0.0	0.0	0.0	5.8	5.8	0.0	14.1	14.1	0.0	19.9	19.9	0.0
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%	22.3	22.4	(0.1)	53.3	53.8	(0.5)	79.0	79.1	(0.1)	154.6	155.3	(0.7)
Takitimu ^(1, 6, 7 & 9)	100%	0.1	0.2	(0.1)	1.4	1.7	(0.3)	0.0	0.1	(0.1)	1.5	2.0	(0.5)
New Brighton ^(1, 7 & 9)	100%	0.1	0.2	(0.1)	0.2	0.2	0.0	0.2	0.2	0.0	0.5	0.6	(0.1)
Albury ⁽¹⁰⁾	100%	0.0	0.0	0.0	0.0	0.7	(0.7)	0.0	0.1	(0.1)	0.0	0.8	(0.8)
Canterbury Coal ^(1 & 9)	100%	0.9	0.9	0.0	1.3	1.2	0.1	0.9	1.0	(0.1)	3.1	3.1	0.0
Southland/Canterbury totals	100%	1.1	1.3	(0.2)	2.9	3.8	(0.9)	1.1	1.4	(0.3)	5.1	6.5	(1.4)
Rotowaro ^(2, 5, 7 & 9)	65%	0.6	0.5	0.1	1.4	1.9	(0.5)	0.4	0.5	(0.1)	2.4	2.9	(0.5)
Rotowaro North ^(5, 8 & 11)	65%	0.0	0.0	0.0	0.0	2.7	(2.7)	3.7	1.0	2.7	3.7	3.7	0.0
Maramarua ^(4, 5 & 8)	65%	1.8	2.0	(0.2)	0.3	0.3	0.0	0.0	0.0	0.0	2.1	2.3	(0.2)
North Island totals	65%	2.4	2.5	(0.1)	1.7	4.9	(3.2)	4.1	1.5	2.6	8.2	8.9	(0.7)
Total		25.8	26.2	(0.4)	57.9	62.5	(4.6)	84.2	82.0	2.2	167.9	170.7	(2.8)

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 2022.

Coal resources

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

Note

- 1 Resource tonnages have been calculated using a density value calculated using approximated in-ground moisture values (Preston and Sanders method) and as such tonnages quoted in this report are wet tonnes (unless stipulated otherwise). All coal qualities quoted are on an air-dried basis.
- 2 Stockton, Upper Waimangaroa, Rotowaro and Maramarua are reported on an air-dried basis
- 3 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.
- 4 Resources were depleted by mining.
- 5 Stockton, Upper Waimangaroa, Rotowaro, Rotowaro North and Maramarua are owned by BT Mining Limited (65 percent Bathurst Resources Limited / 35 percent Talleys Energy Limited).
- 6 Mining depletion offset by update to geological model.
- 7 Update to geological model combined with a review of potential economic recovery.
- 8 Density is based on a fixed 1.3 tonnes per cubic metre.
- 9 Stockton, Upper Waimangaroa, Escarpment, Cascade, Coalbrookdale, Sullivan, Rotowaro, Takitimu, New Brighton and Canterbury density values are based on air-dried ash density regressions.
- 10 Exploration permit surrendered.
- 11 Resource classification downgraded following internal review.

Table 2 – Average coal quality - measured

Area	Bathurst ownership	Measured resource (Mt)	Ash % (AD)	Sulphur % (AD)	Volatile matter % (AD)	Fixed carbon % (AD)	CSN	Inherent moisture	In situ moisture	Calorific value (AD)
Escarpment	100%	1.9	14.1	0.7	33.9	51.1	7.5	0.9	5.7	29.6
Cascade	100%	0.5	15.5	1.7	39.3	42.6	4.5	2.6	7.6	30.8
Deep Creek	100%	6.2	11.0	2.5	32.9	53.9	-	2.2	5.2	29.7
Coalbrookdale	100%	0.0	-	-	-	-	-	-	-	-
Whareata West	100%	6.2	20.8	0.8	25.1	53.5	8.0	0.6	6.5	28.2
Sullivan	100%	1.9	4.0	1.1	31.7	59.2	8.5	1.0	6.6	34.3
Stockton	65%	2.6	24.2	2.0	26.9	47.3	7.5	1.6	-	27.5
Upper Waimangaroa (Met)	65%	0.6	3.7	0.9	38.0	53.9	4.5	4.5	-	31.5
Upper Waimangaroa (Thermal)	65%	0.0	-	-	-	-	-	-	-	-
Millerton North	100%	0.0	-	-	-	-	-	-	-	-
North Buller	100%	2.4	8.6	4.7	43.1	45.4	4.5	2.9	11.4	29.7
Blackburn	100%	0.0	-	-	-	-	-	-	-	-
Takitimu	100%	0.1	16.2	0.4	35.6	33.5	N/A	14.8	24.5	19.9
New Brighton	100%	0.1	10.7	0.4	32.6	39.7	N/A	17.0	23.0	21.7
Canterbury Coal	100%	0.9	9.3	0.9	35.3	37.4	N/A	18.0	26.8	21.3
Rotowaro	65%	0.6	5.8	0.3	37.5	43.7	N/A	13.5	-	24.2
Rotowaro North	65%	0.0	-	-	-	-	-	-	-	-
Maramarua	65%	1.8	4.9	0.2	37.1	38.7	N/A	19.2	-	23.9

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
Whareata West	100%	7.8	23.6	1.2	23.5	52.3	7.5	0.7	6.6	27.1
Sullivan	100%	3.0	5.1	1.3	30.0	59.4	8.5	1.0	6.6	33.9
Stockton	65%	7.3	6.1	3.4	36.0	56.6	7.0	1.2	-	33.2
Upper Waimangaroa (Met)	65%	13.2	4.6	2.0	38.9	53.3	5.1	3.5	-	30.6
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%	1.4	8.1	0.3	35.3	39.0	N/A	17.6	25.8	21.8
New Brighton	100%	0.2	10.4	0.4	32.1	41.7	N/A	15.7	22.2	21.1
Canterbury Coal	100%	1.3	9.3	1.0	35.3	37.5	N/A	17.9	26.8	21.3
Rotowaro	65%	1.4	6.2	0.3	37.5	43.1	N/A	13.2	-	24.0
Rotowaro North	65%	0.0	-	-	-	-	-	-	-	-
Maramarua	65%	0.3	5.0	0.2	36.8	37.9	N/A	20.2	-	24.3

Coal resources

Table 4 – Average coal quality - inferred

Area	Bathurst ownership	Inferred resource (MT)	Ash % (AD)	Sulphur % (AD)	Volatile matter % (AD)	Fixed carbon % (AD)	CSN	Inherent moisture	In situ moisture	Calorific value (AD)
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
Whareata 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%	5.8	5.9	3.3	34.7	58.2	8.0	1.2	-	33.2
Upper Waimangaroa (Met)	65%	32.4	5.9	2.1	38.7	52.4	4.6	3.6	-	30.3
Upper Waimangaroa (Thermal)	65%	0.9	4.1	1.6	34.7	54.7	2.3	6.6	-	27.8
Millerton North	100%	3.5	12.0	5.5	35.3	51.6	9.0	1.1	7.2	30.2
North Buller	100%	10.6	9.9	5.1	45.6	42.3	5.0	2.2	9.6	29.5
Blackburn	100%	14.1	6.4	4.8	41.8	49.5	6.0	2.3	11.2	30.1
Takitimu	100%	0.0	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
Canterbury Coal	100%	0.9	9.8	1.3	35.5	37.4	N/A	17.3	26.7	21.3
Rotowaro	65%	0.4	6.9	0.3	37.5	42.2	N/A	13.0	-	23.7
Rotowaro North	65%	3.7	6.4	0.2	35.9	42.9	N/A	10.7	-	24.4
Maramarua	65%	0.0	10.2	0.3	36.2	36.3	N/A	17.3	-	24.1

Coal reserves

Table 5 – Coal reserves (ROM) tonnes

ROM coal area	Bathurst ownership	Proved (Mt)			Probable (Mt)			Total (Mt)		
		2022	2021	Change	2022	2021	Change	2022	2021	Change
Whareata West ^(A, E & I)	100%	0.0	0.0	0.0	4.7	0.0	4.7	4.7	0.0	4.7
Stockton ^(B, D & F)	65%	0.3	0.4	(0.1)	6.0	6.4	(0.4)	6.3	6.8	(0.5)
Upper Waimangaroa (Met) ^(B, D & F)	65%	0.6	0.6	0.0	1.6	1.6	0.0	2.2	2.2	0.0
Takitimu ^(C, E, F)	100%	0.0	0.0	0.0	1.0	1.0	0.0	1.0	1.0	0.0
Canterbury Coal ^(E & G)	100%	0.0	0.5	(0.5)	0.0	0.6	(0.6)	0.0	1.1	(1.1)
Rotowaro ^(D & H)	65%	0.6	0.4	0.2	1.4	0.7	0.7	2.0	1.1	0.9
Maramaru ^(D & F)	65%	1.2	1.4	(0.2)	0.2	0.3	(0.1)	1.4	1.7	(0.3)
Total ^(a)		2.7	3.3	(0.6)	14.9	10.6	4.3	17.6	13.9	3.7

Table 6 – Marketable coal reserves tonnes

Product coal area	Bathurst ownership	Proved (Mt)			Probable (Mt)			Total (Mt)		
		2022	2021	Change	2022	2021	Change	2022	2021	Change
Whareata West ^(A, E & I)	100%	0.0	0.0	0.0	3.0	0.0	3.0	3.0	0.0	3.0
Stockton ^(B, D & H)	65%	0.2	0.3	(0.1)	4.3	4.6	(0.3)	4.5	4.9	(0.4)
Upper Waimangaroa (Met) ^(B, D & F)	65%	0.5	0.6	(0.1)	1.4	1.5	(0.1)	1.9	2.1	(0.2)
Takitimu ^(C, E, & H)	100%	0.0	0.0	0.0	0.9	0.8	0.1	0.9	0.8	0.1
Canterbury Coal ^(E & G)	100%	0.0	0.4	(0.4)	0.0	0.6	(0.6)	0.0	1.0	(1.0)
Rotowaro ^(D & H)	65%	0.5	0.4	0.1	1.2	0.6	0.6	1.7	1.0	0.7
Maramaru ^(D & F)	65%	1.2	1.4	(0.2)	0.2	0.2	0.0	1.4	1.6	(0.2)
Total ^(a)		2.4	3.1	(0.7)	11.0	8.3	2.7	13.4	11.4	2.0

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

Area	Bathurst ownership	Proved marketable					Probable marketable						
		Mt	Ash %	Sulphur %	VM%	CSN	CV (MJ/kg)	Mt	Ash %	Sulphur %	VM%	CSN	CV (MJ/kg)
Whareata West ^(A, E & I)	100%	-	-	-	-	-	-	3.0	10.9	0.7	27.8	9.5	27.5
Stockton ^(B, D & H)	65%	0.2	6.8	2.6	32.2	6.5	33.3	4.3	4.9	2.8	34.1	8.0	34.0
Upper Waimangaroa (Met) ^(B, D & F)	65%	0.5	2.9	0.7	37.8	4.5	31.8	1.4	3.0	1.4	37.6	4.5	31.8
Takitimu ^(C, E & F)	100%	0.0	9.5	0.3	36.8	N/A	21.8	0.9	8.1	0.2	35.4	N/A	21.5
Rotowaro ^(D & H)	65%	0.5	5.8	0.3	37.6	N/A	24.2	1.2	6.2	0.3	37.5	N/A	24.0
Maramaru ^(D & F)	65%	1.2	5.3	0.2	37.8	N/A	23.1	0.2	6.0	0.2	37.3	N/A	24.0

Coal reserves

Table 8 – Marketable coal reserves – total average quality

Area	Bathurst ownership	Coal type	Mining method	Mt	Ash %	Sulphur %	VM%	CSN	CV (MJ/Kg)
Whareata West ^(A, E & I)	100%	Met	Open Pit	3.0	10.9	0.7	27.8	9.5	27.5
Stockton ^(B, D & H)	65%	Met	Open Pit	4.5	5.0	2.8	34.0	8.0	34.0
Upper Waimangaroa (Met) ^(B, D & F)	65%	Met	Open Pit	2.0	3.0	1.2	37.7	4.5	31.8
Takitimu ^(C, E & F)	100%	Thermal	Open Pit	0.9	8.1	0.2	35.4	N/A	21.5
Rotowaro ^(D & H)	65%	Thermal	Open Pit	1.7	6.1	0.3	37.5	N/A	24.1
Maramarua ^(D & F)	65%	Thermal	Open Pit	1.4	5.4	0.2	37.7	N/A	23.2

Note

All reserves quoted in this release are reported in terms as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia ("JORC").

The measured and indicated mineral resources are inclusive of ore reserves. Coal reserve (Run of Mine (ROM) tonnes) include consideration of standard mining factors. Rounding of tonnes as required by reporting guidelines may result in summation differences between tonnes and coal quality. All ore reserves quoted are reported as of 30 June 2022.

- ^A 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.
- ^B Stockton and Upper Waimangaroa density values are based on air-dried ash density regressions.
- ^C ROM coal reserves are reported at a moisture content that is based on long term average coal production data and as such all tonnages quoted in this report are wet tonnes.
- ^D Stockton, Upper Waimangaroa, Rotowaro and Maramarua are owned by BT Mining Limited in which Bathurst has a 65 percent equity share.
- ^E Whareata West reserves, Takitimu reserves and Canterbury reserves are 100 percent Bathurst Resources Limited ownership.
- ^F Decrease in coal reserves due to mining depletion.
- ^G Canterbury Coal reserves not declared due to mine closure.
- ^H Decrease in coal reserves due to mining depletion offset by updated geological model and pit designs.
- ^I Coal reserves updated following review of updated geological model.

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 2022 annual report have been reviewed by qualified internal and external Competent Persons, and internal management, prior to their inclusion.

Competent person statements

The information on this report that relates to mineral resources for Deep Creek is based on information compiled by Sue Bonham-Carter, who is a full time employee of Golder Associates (NZ) Ltd and is a Chartered Professional and member of the Australasian Institute of Mining and Metallurgy and member of Professional Engineers and Geoscientists of British Columbia, Canada. Ms Bonham-Carter has a BSc Engineering (Mining) (Hons) from the Queen's University, Canada. Ms Bonham-Carter has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition and 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms Bonham-Carter consents to the inclusion in this report of the matters based on her information in the form and context in which it appears above.

The information in this report that relates to exploration results and mineral resources for Takitimu, Canterbury Coal, 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 member of the Australasian Institute of Mining and Metallurgy. Mr Sinclair has a BSc majoring 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, Wharetea West, Millerton North, North Buller, and Blackburn is based on information compiled by Mark Lionnet as a Competent Person who is a full time employee of BT Mining Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr Lionnet has a BSc (Hons) majoring in geology from the University of Witwatersrand. Mr Lionnet has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition and 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Lionnet consents to the inclusion in this report of the matters based on his information in the form and context in which it appears above.

The information on this report that relates to mineral reserves for Wharetea West, Takitimu, Canterbury, Rotowaro and Maramarua is based on information compiled by Damian Spring who is a full time employee of Bathurst Resources Limited and is a Chartered Professional member of the Australasian Institute of Mining and Metallurgy. Mr Spring has a Bachelor of Engineering (Mining) from the University of Auckland. Mr Spring has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Spring consents to the inclusion in this report of the matters based on his information in the form and context in which it appears above.

The information on this report that relates to mineral reserves for Stockton and Upper Waimangaroa is based on information compiled by Ian Harvey who is a full-time employee of Bathurst Resources Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr Harvey has a Bachelor in Mining Engineering from the University of Otago. Mr Harvey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Harvey consents to the inclusion in this report of the matters based on his information in the form and context in which it appears above.

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Corporate directory

Directors

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Non-executive Chairman

Francois Tumahai

Non-executive director

Richard Tacon

Executive director and Chief Executive Officer

Russell Middleton

Executive director and Chief Financial Officer

Company secretary

Larissa Brown

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Banker

ANZ Bank New Zealand Limited

Stock exchange listing

Bathurst Resources Limited shares are listed on the Australian Securities Exchange under code BRL.

Website address

www.bathurst.co.nz

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