



Bathurst Resources Limited

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Title: “Company Insight – MD Explains Environmental Position”

Highlights of Interview

- **Basis of Appeals Against Resource Consents Granted to Bathurst.**
- **Process to Reach a Conclusion on Appeals.**
- **Timing of Appeals Process.**
- **Confidence of Defending Appeals & Public Support.**
- **Contribution of Buller Project to Community.**
- **Bathurst’s Environmental Credentials.**

Record of interview:

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Bathurst Resources Limited (ASX code: BTU; market cap of ~\$530 million) is developing its flagship project – the Buller Project in New Zealand. You have had three appeals lodged against the granting of the Escarpment Mine resource consents. The period for lodging appeals is now closed. What is the basis of these appeals? Who are the parties appealing the consents?

Managing Director, Hamish Bohannan

Yes, we have had three appeals lodged recently against the consents that were granted by the independent commissioners. The appeals broadly fall into three areas and also have common issues between them. Firstly, one basis for appeal by Royal Forest and Bird is environmental/ecological seeking greater protection for the powelliphanta snail, the spotted kiwi and the sandstone pavement where the mine will be developed. Secondly, the commissioners excluded any consideration of effects on climate change and that decision has been appealed by two of the appellants (Royal Forest and Bird and West Coast Environment Network); we believe that this is largely a matter of law, rather than a debate on climate change. The third appeal is by Fairdown residents on the location of the stockpile area on the coast and the train loading facility and the impact that might have on the residents in the area.

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What is the process to reach a conclusion on the appeals? Which body will hear the appeals?

Hamish Bohannan

The appeals can be resolved either through mediation or the court system. The local residents have said that they are willing to go through a mediation process and we are waiting to hear from the Court as to when a mediator will be appointed. We're also waiting on dates from the Environment Court of New Zealand for when the appeals will be heard. The first stage is a pre-hearing during which our assigned judge will set dates for the court hearing process. The guidelines for the court hearing process indicate that the hearings should take no more than six months and then the judge has up to three months to hand down a decision but we are conscious that is a guideline. That's also if we go through the entire court process, but as I said before, there are opportunities to undertake a mediation process which would expedite a conclusion.

Our preferred path is via mediation and we're hopeful of going through such a process with all three parties. The mediation process will be conducted under court guidelines. We believe it is better to spend money on the environment rather than on legal costs.

There is little opportunity to appeal once the Environment Court makes their final decision. The only ground for appeal is if there is an objection based on the legal findings.

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You've answered how long the process will take, but when do you expect the court hearing to start?

Hamish Bohannan

The specific dates for the court hearing should be set at the pre-hearing. One of the challenges we face on timing is when the judge can hear our case because obviously there are other cases that have to be heard in New Zealand.

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How has, and will, Bathurst manage the appeals process?

Hamish Bohannan

Our preference is through mediation, though of course we will be putting best efforts in the court hearings which will be running concurrently. We will obviously follow the guidelines and processes that are appropriate for the case.

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Can you give a comment on how confident you are of successfully defending the appeals?

Hamish Bohannan

We are confident that Bathurst is offering a net environmental gain to the immediate area and the region as a whole. We are hopeful that this will satisfy the three appellants. In addition to our commitments to responsible management and rehabilitation of the proposed mining area, there is a pristine area to the north of our tenements, the Heaphy Track. We are proposing to make financial contributions towards its upkeep even though it is outside our mining area.

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What public support is there for the project? Are you encouraged by the fact that you have been granted resource consents (environmental approvals) for the Escarpment Mine Project, subject to conditions, by the West Coast Regional Council and Buller District Council and that the Councils themselves will be defending their own decision alongside Bathurst?

Hamish Bohannan

We are delighted with the support from the local community and the regional and district councils. The Buller Project will be a major export opportunity for New Zealand. It will add significant value to the local and national economy and create many long term jobs.

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Can you outline in more detail the value to the local community of developing the Buller Project?

Hamish Bohannan

The value is probably three-fold. There will be approximately 225 people working at the site almost immediately and that will inject wages directly into the local economy. Secondly, we are absolutely committed to upgrading the Westport port facilities and re-establishing the port as a first class coal harbor for shipping our coal up to Taranaki before it is shipped overseas to mainly Asia and possibly India where it will be used in steel manufacturing. Thirdly there are the flow-on effects from the additional economic activity in the area – local schools, hospitals and general amenities will benefit from the value created from the coal project. On today's coal prices, the Escarpment project will generate over NZ\$1 billion in export revenue for New Zealand's economy.

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Are you able to continue advancing the Buller project while the appeals process continues?

Hamish Bohannan

During the year we completed two transactions, acquiring Eastern Resources and more recently Brookdale Mining. These transactions have given us existing operations where we are now looking to optimize production. The Cascade mine on the Denniston plateau is already producing around 40,000 tonnes of coal and we are looking to at least double this production and sell that additional coal in the export market. The Brookdale assets are currently being drilled for mine design purposes and we expect to bring this mine into production late this year or early next year. So although the Buller flagship operation is on hold, we are in modest production now.

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Can you outline Bathurst's environmental credentials established?

Hamish Bohannan

Bathurst's executives have all got strong backgrounds in the environmental aspects of running mining operations, safely and well.

I have worked with teams that have won environmental awards and recognition in Florida, Northern Territory, Western Australia, Queensland and Tasmania and understand the importance of contributing to the environment. In fact, it is a duty for any mining company

to ensure a net environmental benefit to the area in which it operates and the Bathurst team has commitment and good track records in achieving this. We are committed to minimising the environmental impact of our operations and to leaving a positive environmental legacy when those operations end.

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Can you see any major differences in the potential environmental impact of developing the Buller Project compared with other projects in the area - or in other parts of New Zealand, or internationally - that are in production?

Hamish Bohannan

The mining industry's awareness of its responsibility for the environment is improving and developing all the time and we're expected to deliver better outcomes each successive year. We are committed to best practice and will be in step with modern mining operations with respect to the environment. The nature of the coal seams at Buller will allow us to use a combination of techniques including open cast, rather than open cut to reduce environmental impact. In some areas we will be underground mining or using mechanised boring techniques which will leave the surface largely unaffected.

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Can you explain the purpose and objectives of the Environmental Reference Group you've set up in relation to your New Zealand coal operations?

Hamish Bohannan

The Kaitiaki group, as it's known locally, reports directly to Bathurst's Board. It is independent from the Company and it is empowered to review our environmental performance and to some extent our social input to the region. They will advise us on areas that we can improve to ensure we're on the right track in regards to the protection of New Zealand's unique environment.

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Thank you Hamish.

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