LANE ASSOCIATES LTD
Planning and Management Consultants

12 December 2025

Bathurst Resources Limited
[redacted]
New Zealand

Attention: [redacted]
Environmental Manager

Dear [redacted]

Subject: Buller Plateaux Continuation Project - Bond Process

We set out below a general description of the process that would be applied to calculating bonds for the Buller Plateaux Continuation Project, hereafter referred to as the Project.

1. Introduction

The method of setting an appropriate bond quantum for the Project will follow a well-established process that has been in practice in New Zealand since 1999. That process remains leading edge globally.

Historically, the applicants have individually posted bonds in favour of the relevant regulatory agencies covering various projects. The method of establishing the scope and quantum of a bond is familiar to the regulators with an interest in the Project, with each directly involved with various projects upon which bonds are imposed.

The following provides a general overview of the bond process, its scope and the method of calculating its quantum. It is anticipated that a detailed estimate will be required under the conditions of consents prior to the start of the Project. The initial estimate will need to account for the planned areas of disturbance during the first year of operation plus any other commitments required by the conditions, e.g. any offset environmental programme costs. The full details of such obligations will not be known until the consents are granted.

2. The Regulators

The Buller District Council (BDC) and the West Coast Regional Council (WCRC) will be the administrators of the resource consents under which the Project will be undertaken. A bond will be established in favour of the councils, which hold responsibility for overseeing the performance of the Project in relation to the conditions of those consents.

The Project covers an area of land within which some parts are administered by the Department of Conservation (DoC) or Land Information New Zealand (LINZ) on behalf

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of all New Zealanders. The Project's bond is therefore also anticipated to be made out in favour of DoC and LINZ.

The expectation is that the Project closure liabilities would be covered by a bond administered cooperatively by all four parties, jointly referred to here as the Regulators. The original bond document would be held securely by one of the parties (the bond is a single contract document) on behalf of all.

This will not be the first or only project in New Zealand for which a bond is held by such a group of regulators. For example, Buller Coal Limited owns and operated the now-closed Cascade mine for which a bond is still held by DoC and WCRC, and the same company owns and operates the Escarpment mine for which a bond is held by BDC, DoC and WCRC. There are projects elsewhere in the country where LINZ holds a bond in addition to the responsible councils.

The combined regulatory interest in a project's bond is the norm.

3. The Applicants

The Project covers areas over which mining privileges are currently held by Bathurst Coal Limited, Buller Coal Limited and BT Mining Limited. Bathurst Resources Limited is the primary mining entity associated with each of these companies, which are therefore jointly referred to as Bathurst hereafter.

The companies currently post separate bonds for their individual projects. However, for the Project all will enter into an agreement for providing the bonds to cover the proposed mining disturbance. A total of four bonds is envisaged, being one each for Stockton, the Upper Waimangaroa Haul Road, Mt Fredrick South and Escarpment Extended. It is this joint responsibility to provide the bond(s) that introduces a difference to the normal arrangement.

Bathurst's responsibility in the bond process is to establish the surety. However, once a bond is established, or replaced with an updated surety, Bathurst ceases to have any direct involvement with it. The bond exists as an arrangement between the bondsman, being the party that is required to provide the money on request, and the Regulators, which can call on that money at any time. So, while different from past arrangements, the shared mining company responsibility in providing a bond for the Project has minimal effect on the process.

4. Bond Purpose

The purpose of the bond is to indemnify ratepayers and taxpayers of New Zealand against the cost of rehabilitating the Project site and managing the rehabilitated site for a period after closure in the unlikely event that Bathurst defaults on its statutory obligations and abandons the site prior to completing its closure and rehabilitation obligations.

Under such circumstances, the bond provides the Regulators with immediate access to adequate funds to provide for the completion of closure of the Project site by a suitably qualified contractor under their management.

To accommodate scope changes due to increases in disturbance area, and reductions following completion of rehabilitation of previously disturbed areas, the bond quantum is typically reviewed annually.

5. Calling on the Bond

Calling on the bond should be the Regulators' last option, to be pursued only in the event that Bathurst fails financially. Any lesser breach of consent conditions should be able to be resolved through discussion, negotiation and, if necessary, implementation of enforcement options that are available to the Regulators through existing legislation, e.g. the Resource Management Act 1991.

In the unlikely event that it becomes necessary for the Regulators to call on a bond, it is expected that they would do so together. It would be inappropriate for one of the parties to make a call on a bond without consulting and reaching agreement with the others to do so.

Once a call is made, it is the Regulators' obligation to ensure the efficient use of the available funds to achieve the desired environmental outcome in closing the site. Any attempt to split parts of the quantum between the regulators serves no beneficial function. Doing so is meaningless in terms of the bond purpose and is more likely to be an impediment to the efficient use of the funds, and therefore to the indemnification that a bond is intended to provide. This supports the posting of the bond(s) in the joint names of the Regulators.

6. Setting the Bond Quantum

The method of setting the bond quantum involves estimating the costs to complete the rehabilitation and aftercare components of closure. The objective is to ensure that the closed site would be left in a safe, stable and self-sustaining rehabilitated state.

The method is well established and straightforward. It involves;

1. Establishing a maximum extent of the mine-related disturbance based on each Annual Work Plan to set a conservative scope of works for the activities required to rehabilitate the site from its current state to one that meets the operation's closure obligations.
2. Estimating the quantity (volume, area, hours etc.) of work involved in completing each activity, which in general terms needs to provide for:
    a. Demolition and removal of plant and buildings;
    b. Rehabilitation of areas of mine disturbance by re-contouring, spreading sub-soils and topsoil, and planting;

c. Establishing and armouring water control infrastructure such as channels and open pit outlets;

d. Installing fencing and signage around any areas that pose a safety hazard;

e. A period of site aftercare that typically includes care and maintenance of newly vegetated areas, weed management, water treatment and environmental and geotechnical monitoring.

3. Assigning a unit rate to each measurement of quantity (dollars per unit measure of volume, area, time etc.).
4. Estimating the costs of management and monitoring for the period of the works.

On the basis that the works would be carried out by a contractor, the costs are based on standard contract rates for similar works in the vicinity of the project rather than on the rates applicable to the mining activity. The costs also need to provide for mobilisation and demobilisation of the contractor's earthmoving equipment to and from the site.

For those sites where substandard seepage quality from mining-related remnants prevents direct discharge to natural waterways for a period, there may be a need for long-term water treatment, typically through the construction, use and ongoing maintenance of a passive treatment system. Such water treatment costs are included in the estimate.

For many sites, a contingent liability fund (risk cost) to cover the occurrence of risk events that could compromise the environmental and geotechnical stability of rehabilitated site if they were to occur is also required and included.

The total closure cost estimate is calculated from the resulting schedule of quantities by multiplying the component quantities and unit rates to derive a cost for each activity then summing the activity costs. The estimate, which includes an appropriate contingency, is updated each year based on the existing measured and future predicted areas and types of disturbance, and to accommodate other factors such as inflation.

A schedule for the Project will be developed along similar lines to cover the first year of disturbance and will be updated annually to include planned new areas of disturbance and completed rehabilitation for review and acceptance by the Regulators on each anniversary of the grant of consent.

7. Summary

The method of calculating appropriate bond quanta for mining projects is well established throughout New Zealand, is the leading-edge practice globally, and is familiar to both the Project owners and the Regulators.

The only difference between what is proposed for the Project and the approach taken for every project bond established since the first development of the current practice in 1999 is that the bond will be jointly posted by several related companies that have interests in separate areas over which the Project will be undertaken. The organisational arrangement

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between the Project owners however has minimal effect on the bond process, which once established exists as a contractual agreement between a bondsman and the Regulators.

Yours sincerely
For and on behalf of
LANE ASSOCIATES LTD.

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