



ASX & NZX Release
31 March 2013

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Directors:

Craig Munro – Non Executive Chairman
Hamish Bohannan – Managing Director
Rob Lord – Non Executive
Malcolm Macpherson – Non Executive

Issued Capital

(at 31 March 2013):

697,247,997 Ordinary Shares
60,710,776 Unlisted Options

ASX & NZX Code:

BTU

Substantial Shareholders

(at 31 March 2013):

L1 Capital (13.95%)
Coupland Cardiff (8.91%)
JP Morgan Chase and Co. (7.58%)
UBS AG (5.76%)

**QUARTERLY ACTIVITIES REPORT
FOR THREE MONTHS ENDED
31 March 2013**

1. Highlights

- ❖ Total coal sales of 76,965 tonnes from Cascade and Takitimu
- ❖ Positive interim decision from Environment Court
- ❖ Climate Change appeal concludes in Supreme Court
- ❖ Acquisition of Southland coal assets
- ❖ Appointment of Chief Financial officer

2. Overview

The Board of Bathurst Resources Limited (**Bathurst**) is pleased to present its quarterly activities report for the quarter ended 31 March 2013.

Total coal sales of 76,965 tonnes were recorded in the March quarter, 25,538 tonnes from the Cascade mine and 51,427 tonnes from the Takitimu thermal operation in Nightcaps. Cascade production in March was the highest to date as the company works to achieve an annualised production target of 150,000 tonnes.

During the quarter the Environment Court announced an interim decision on the Resource Consents for the Escarpment project indicating consent subject to some further inputs from parties and further work on the draft conditions of consent. Earlier the Court had also handed down an interlocutory decision on the relevance of the Sullivan permit to the Escarpment consent application. This decision and the interim decision were subsequently appealed in April, 2013.

In Wellington, the appeal on Climate Change was heard in the Supreme Court on March 12 and 13. A decision is yet to be received.

The company also announced its intention to acquire a coal exploration permit located close to the Takitimu mine in Southland. The permit is prospective for high grade sub-bituminous coal.

In February, Bathurst was pleased to announce the appointment of Marshall Maine as Chief Financial Officer, based in Wellington.

3. Bathurst Resources Limited

Bathurst is an ASX and NZX listed resources company. Its operations are focused in New Zealand where it aims to be a leading coal producer, delivering high quality coking coal into export markets and producing sub-bituminous coal for the South Island industrial markets.

Bathurst has two operating mines; Cascade which is part of the Buller Coal Project near Westport and Takitimu at Nightcaps in Southland.

The company also has a coal handling and distribution centre, Eastern Coal Supplies, in Timaru and a head operations office in Wellington.



4. Buller Project

The Buller Coalfield is situated on the west coast of the South Island of New Zealand. It is regarded as one of the country's most significant fields and is particularly well known for its production of high quality, low ash and high fluidity coking coals for use in steel mills in India, China and Japan.

The Buller Project is operated by Bathurst subsidiary, Buller Coal Limited. It will comprise two mining operations, North and South Buller. The Cascade open cut mine is the first production block in the South Buller operation and sits adjacent to the Escarpment and Coalbrookdale blocks. Cascade has historically produced approximately 45,000 tonnes per annum of high value low contaminant coal for the local industrial market however production is now ramping up to 150,000 tonnes per annum.

Overall the Buller project is targeting production of 4 million tonnes per annum of export coking coal by 2018.

4. Buller Project continued....

4.1 Coal Production & Sales

South Buller - Cascade

One safety incident was recorded during the quarter following a light vehicle incident which resulted in an operator suffering a leg fracture. The incident was reported, an investigation took place and further safety measures have been implemented to prevent future incidents.

During the quarter Bathurst achieved total coal sales of 25,538 tonnes from Cascade operations. No coal was mined at Cascade in January when operations were focussed on overburden removal to expose new areas of coal at the top of the Gravel Pit Block. However coal winning recommenced in February and in March the mine recorded its best production to date with 16,141 tonnes of coal mined for the month.

Production and sales for Cascade for the quarter ended 31 March 2013

| Production (Raw coal tn) | Overburden (bcm's) | Coal Sales (t) * |
|--------------------------|--------------------|------------------|
| 20,600 | 457,269 | 25,538 |

* Coal sales include the sale of third party coal

4.2 Project Approvals - Escarpment

Buller Coal Limited was granted resource consents for the Escarpment Mine Project in August 2011. The resource consents were subsequently appealed by three parties, Royal Forest & Bird Protection Society of New Zealand Incorporated (**Forest & Bird**), West Coast Environmental Network Incorporated (**WCENT**) and the Fairdown Whareatea Residents' Association Inc (**Residents**). The appeals were on the basis of the location of the proposed mine's infrastructure, climate change, and the environmental impacts of the mine on the Denniston Plateau.

The Residents withdrew their appeal on the location of infrastructure following successful mediation that has seen Bathurst revise the original plan for handling coal from the South Buller Project.

The appeal on climate change was heard in the Environment Court in March 2012. The Environment Court found in Bathurst's favour but this was appealed again and heard in the High Court, where the decision was again upheld. Bathurst, together with the other appellants, was successful in having the matter escalated to the Supreme Court, bypassing the Court of Appeal. The matter was heard in Wellington on March 12 and 13, 2013 and a decision is expected shortly.

In December 2012, the substantive hearing on the environmental impacts of the proposed Escarpment mine on the Denniston Plateau was concluded in the Environment Court in Christchurch.

On March 22, 2013, the Environment Court issued a decision on a preliminary legal point advising that the possible open-cast Sullivan mine adjoining the Escarpment project is not a part of the 'existing environment' that would otherwise trigger a need for assessment of cumulative effects.

In April, subsequent to period end, this decision was appealed on a point of law to the High Court by Forest and Bird. The company is seeking a hearing date as soon as possible.

On March 28 the Environment Court issued an interim decision on the Escarpment Project. The Court said that consents were likely to be granted subject to the clarification of certain conditions and requested a

4. Buller Project continued....

timetable be submitted advising a schedule for input from all parties. This was provided to the Court and a date for the hearing is to be advised.

On April 18, Forest and Bird appealed the interim decision of the Environment Court to the High Court. A request has been made that this appeal be heard in conjunction with the earlier appeal on the preliminary legal point. A hearing date for the appeals will be announced as soon as it is advised.

4.4 Development of the Coalbrookdale Block and North Buller

The Coalbrookdale block is fully consented for underground mining however no immediate development is planned until market conditions improve. Bathurst will apply for opencast consents for parts of the deposit which can then be developed as an extension of Escarpment and further work is underway in preparation for this.

Bathurst is continuing its drilling programme at North Buller. Currently it is awaiting an Access Arrangement for the exploration it wishes to undertake on the permits that fall under the Department of Conservation.

4.5 Exploration

During the quarter three rigs were operating in the Buller Project areas. One rig is dedicated to the North Buller project area and has been drilling on the Ngai Tahu estate until access is granted to the other permit areas. Results are encouraging with coal being intersected well outside the previously mapped limits.

The other two rigs have been undertaking geotechnical and resource definition drilling in the Cascade Creek East block. One of these rigs has now been deployed to Takitimu.

5. Takitimu Operations

The Takitimu Operations in the south of the South Island supply coal for the energy needs of the large dairy and food processing industries in Southland, Otago and South Canterbury. Takitimu, at Nightcaps north of Invercargill, produces around 200,000 tonnes of sub-bituminous coal per annum.

Bathurst also operates Eastern Coal Supplies, a coal handling and distribution centre in Timaru and holds the Ohai Exploration Permit, surrounding the Takitimu mine, and the Albury Prospecting Permit, near Timaru.

5.1 Production & Sales

Takitimu Coal Mine

No significant Safety or Environmental incidences occurred during the March quarter

Bathurst achieved total coal sales of 51,427 tonnes from the Takitimu operations. Operations are continuing in both the Takitimu and Coaldale blocks. The Takitimu block was scheduled to be completed in the December quarter but further exploration has led to additional reserves being identified. Good quality coal will continue to be mined at least into the next quarter. The Coaldale block is now fully operational with both overburden stripping and coal winning underway.

In February, an Open Day was held at Takitimu with around 400 local people taking the opportunity to learn more about activities at the mine. Equipment displays and information videos were set up at the local rugby club and escorted tours ran continuously throughout the day onto the mine site to give a first hand view of the actual mining operations.

5. Eastern Coal

In January, a bulk sample was taken from the Albury permit to blend and trial with local industrial customers. The area has now been rehabilitated. In March, Exploration Permit 54846 was granted for Albury. The new permit covers an area of 3,612 hectares. Further exploration is planned for later in the year to gain a greater understanding of the resource and to determine whether to take the permit to the next stage.

Production and sales for Takitimu for the quarter ended 31 March 2013:

| Production (Raw coal tn) | Overburden (bcm's) | Coal Sales (t) * |
|--------------------------|--------------------|------------------|
| 54,078 | 737,326 | 51,427 |

*Includes small quantities of purchased coal

5.2 Acquisitions

On 10 January 2013, Bathurst, completed the acquisition of the adjoining property to its Takitimu operations with a final payment of NZ\$7 million. This land acquisition was a strategic move for Bathurst to improve the economics of the Takitimu operations, remove the royalty obligation previously in place with the landowner and to enable access to adjacent areas of coal resource.

Also in February, Bathurst announced an agreement to purchase the New Brighton Exploration Permit which is located 5 kilometres from Takitimu. The permit is prospective for high quality, low contaminant coal suited to the South Island industrial markets. Coal trials from this deposit will commence with major customers during the next quarter. Both of these acquisitions will contribute to the extension of the Southland resource base and establish the company as a recognised producer with a long term strategy for the region.

5.3 Exploration

At New Brighton, an exploration programme is underway to confirm the full nature and extent of the resource.

6. Corporate

6.1 Management changes

In February, director Gerry Cooper resigned from the Bathurst Board. Gerry remained with the company in the capacity of Executive General Manager, Engineering and Construction. He subsequently retired from the company in early April to relocate to Perth.

Later, in April, Buller Coal General Manager Marianne Rogers took a redundancy package. Marianne was instrumental in overseeing the Escarpment Project through to consent and subsequently through the appeals process. She also managed the Cascade operation taking it to an annualised production rate of 150,000 tonnes per annum. Responsibility for the Buller Coal Project will now come directly under Chief Operating Officer, Richard Tacon.

The Board would like to thank both Gerry and Marianne for the contribution they have made to the company during its first phase of development.

In February, Bathurst announced the appointment of Chief Financial Officer, Marshall Maine. Marshall was previously a senior manager with KPMG Corporate Finance, London before moving to New Zealand where he

6. Corporate

held the role of Chief Financial Officer for various New Zealand companies including Icebreaker Limited, NPT Limited and the Summerset Management Group Limited.

Marshall has strong competencies in corporate governance, risk management, financial modelling and capital structures. He brings a new dynamic to the team through his varied experience in areas beyond the resources sector. Marshall is based in Bathurst's Wellington office.

6.2 Intention to Redomicile

In early April Bathurst announced its intention to redomicile from Australia to New Zealand. The proposed restructure is subject to shareholder, court and regulatory approvals and will be voted on at an Extraordinary General Meeting of shareholders to be held on June 12. Under the proposal, shareholders will be offered shares on a one for one basis in a New Zealand incorporated company, Bathurst Resources (New Zealand) Limited. The new entity will be listed on both the NZX and the ASX.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Bathurst Resources Limited

ABN

93 125 679 469

Quarter ended ("current quarter")

31 March 2013

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1.1 Receipts from product sales and related debtors | 9,016 | 27,843 |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (1,100) | (4,075) |
| (b) consenting & licencing | (1,544) | (2,896) |
| (c) development | (704) | (4,331) |
| (d) production | (12,344) | (30,161) |
| (e) site administration | (1,328) | (3,595) |
| (f) corporate office | (2,405) | (6,659) |
| 1.3 Dividends received | | |
| 1.4 Interest and other items of a similar nature received | 261 | 1,257 |
| 1.5 Interest and other costs of finance paid | (122) | (284) |
| 1.6 Income taxes paid | (11) | (113) |
| 1.7 Other (provide details if material) | - | (811) |
| Net Operating Cash Flows | (10,280) | (23,825) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| (a) prospects | | |
| (b) equity investments (net of cash acquired) | | |
| (c) other fixed assets | (7,456) | (15,689) |
| 1.9 Proceeds from sale of: | | |
| (a) prospects | | |
| (b) equity investments | | |
| (c) other fixed assets | - | 37 |
| 1.10 Loans to other entities | | |
| 1.11 Loans repaid by other entities | | |
| 1.12 Other | | |
| Net investing cash flows | (7,456) | (15,652) |
| 1.13 Total operating and investing cash flows (carried forward) | (17,737) | (39,477) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|---|--|-----------------|-----------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (17,737) | (39,477) |
| Cash flows related to financing activities | | | |
| 1.14 | Proceeds from issues of shares, options, etc. | - | 189 |
| 1.15 | Proceeds from sale of forfeited shares | | |
| 1.16 | Proceeds from borrowings | - | 3,764 |
| 1.17 | Repayment of borrowings | (324) | (1,016) |
| 1.18 | Dividends paid | | |
| 1.19 | Other (Payment of Capital Raising Costs) | - | (5) |
| | Net financing cash flows | (324) | 2,932 |
| Net increase (decrease) in cash held | | | |
| | | (18,061) | (36,545) |
| 1.20 | Cash at beginning of quarter/year to date | 35,534 | 53,823 |
| 1.21 | Exchange rate adjustments to item 1.20 | 170 | 365 |
| 1.22 | Cash at end of quarter | 17,643 | 17,643 |

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 324 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | |

1.25 Explanation necessary for an understanding of the transactions

The amount above includes payments to Directors and their associated companies.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

| |
|--|
| |
|--|

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

| |
|--|
| |
|--|

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | 4,915 | 4,915 |
| 3.2 Credit standby arrangements | 704 | 56 |

Estimated cash outflows for next quarter

| | \$A'000 |
|--|---------------|
| 4.1 Exploration, consenting and evaluation | 1,609 |
| 4.2 Development & Asset Acquisitions | 644 |
| 4.3 Production | 9,619 |
| 4.4 Administration & Corporate | 3,738 |
| Total | 15,610 |

Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current quarter \$A'000 | Previous quarter \$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 6,603 | 10,377 |
| 5.2 Deposits at call | 11,040 | 25,157 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other | - | - |
| Total: cash at end of quarter (item 1.22) | 17,643 | 35,534 |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|---|----------------------------------|---|--|----------------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | | | | |
| 6.2 Interests in mining tenements acquired or increased | 54389 54896 54505 54846 | All interests are held through 100% owned subsidiary. | 0% 0% 0% 0% | 100% 100% 100% 100% |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|--------------|---------------|---|--|
| 7.1 Preference ⁺securities | N/A | | | |
| 7.2 Changes during quarter | N/A | | | |
| 7.3 ⁺Ordinary securities | 697,247,997 | 697,247,997 | | |
| 7.4 Changes during quarter (a) Increases: - exercise of options (b) Decreases | | | | |
| 7.5 ⁺Convertible debt securities | N/A | | | |
| 7.6 Changes during quarter | N/A | | | |
| 7.7 Options (<i>description and conversion factor</i>) | 500,000 | | <i>Exercise price</i> 37.8 cents | <i>Expiry date</i> 31 Oct 2013 |
| | 666,667 | | 15.5 cents | 16 June 2013 |
| | 15,000,000 | | 10.8 cents | 30 Sept 2013 |
| | 1,000,000 | | 21 cents | 30 Sept 2013 |
| | 1,000,000 | | 16.8 cents | 30 Sept 2013 |
| | 14,344,109 | | 36 cents | 15 Nov 2013 |
| | 22,200,000 | | 40 cents | 31 Dec 2013 |
| | 2,000,000 | | 85 cents | 31 Dec 2013 |
| | 2,000,000 | | 38 cents | 29 Aug 2014 |
| | 2,000,000 | | 38 cents | 19 Dec 2014 |
| 7.8 Issued during quarter | 2,000,000 | | 38 cents | 19 Dec 2014 |
| 7.9 Exercised during quarter | | | | |
| 7.10 Expired during quarter (lapsed) | | | | |
| 7.11 Debentures (<i>totals only</i>) | | | | |
| 7.12 Unsecured notes (<i>totals only</i>) | | | | |

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 30 April 2013
(Company secretary)

Print name: Graham Anderson

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.