

ASX & NZX Release - 31 July 2014

BATHURST RESOURCES LIMITED

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DIRECTORS

Dave Frow – *Non Exec Chairman*
Hamish Bohannan – *Managing Director*
Rob Lord – *Non Exec Director*
Malcolm Macpherson – *Non Exec Director*
Toko Kapea – *Non Exec Director*

ISSUED CAPITAL

(at 30 June 2014):

944,931,961 Ordinary Shares
12,222,390 Unlisted Options &
Performance Rights
NZX & ASX Code: BRL

SUBSTANTIAL SHAREHOLDERS

(at 30 June 2014):

Coupland Cardiff (9.32%)
L1 Capital (8.36%)
Republic Investment Management (5.27%)

All dollar amounts referred to in this report are in New Zealand dollars unless otherwise noted

QUARTERLY ACTIVITIES REPORT

For three months ended 30 June 2014

1. Highlights

- Work commences at Escarpment
- Operations cash flow positive for the quarter
- AUD\$7.4M placement completed

2. Operating Summary

Bathurst's three operating mines, project works and exploration activities have been without a lost time injury or a significant environmental incident for the quarter.

The Company has completed the year with a cash flow positive quarter having achieved good production results from its operating mines.

Work commenced at the Escarpment site on July 1 after the Authority to Enter and Operate was issued.

Bathurst raised AUD\$7.39M in a placement in April which was followed by a Rights Issue which closed in July.

The Company's focus continues to be on maintaining a sound and sustaining domestic business through this period of low global coking coal pricing as a solid base from which to develop its export project once international prices recover.



3. Operations Report

3.1 Health, Safety and Environment

No significant Safety or Environmental incidents occurred at any of the company's operations during the June quarter. As of January, the company has been significant incident free, with just two Lost Time Injuries in the last three years.

3.2 Production

During the quarter, Bathurst achieved total coal sales of 80,904 tonnes. This represents an increase of 37% for the same period last year.

Site	Production (Raw coal tonnes)	Overburden (bcm's)	Coal Sales (tonnes) *
Cascade	40,908	303,123	36,786
Takitimu	52,367	621,150	38,923
Canterbury Coal	8,610	76,545	5,195
Total	101,885	1,000,818	80,904

* Coal sales include the sale of third party coal purchased for blending requirements.

3.3 Buller

Cascade, on the edge of the Denniston Plateau near Westport, targets an annualised production of 150,000 tonnes.

Coal tonnage was above target for the quarter. Production during the month concentrated on coal winning from the 'Cut 2' block and overburden removal in 'Cut 4' which is the next target for coal production. Rehabilitation planting on final landforms within the main pit area was completed with 8,848 plants established. The coal storage and handling area for Cascade has relocated to a new site at Coalbrookdale and the former area at Denniston has been rehabilitated.



Cascade Mine Site

3.4 Takitimu

The Takitimu mine, at Nightcaps, north of Invercargill, produces around 200,000 tonnes of sub-bituminous coal per annum.

Production at Takitimu slowed during the quarter with the seasonal drop in demand from the dairy sector during their traditional winter shut down period. During this period activities focused on overburden removal in both the Takitimu and Coaldale blocks to maintain around 25,000 tonnes of coal either stockpiled or under light cover to meet demand when the dairy season recommences. During the winter slow down maintenance work is being undertaken on plant and equipment.

3.5 Canterbury Coal

The Canterbury Coal mine near Coalgate, west of Christchurch, is targeting production of up to 35,000 tonnes per annum of energy coal for the local dairy processing industries.

Mining activities at Canterbury Coal have been temporarily reduced while modifications are made to the processing system to improve efficiencies. During the modification period coal will be supplied to customers from Takitimu.

4. Escarpment Development

In October 2013 the Environment Court granted the resource consent for the Escarpment Project. In June 2014 the company received its Authority to Enter and Operate from the Department of Conservation. Preliminary mining works commenced at Escarpment on 1 July. Fencing and signage has been erected and current activities are clearing areas for coal storage and site infrastructure and undertaking earthworks for the installation of water management systems.

Coal recovered in the construction phase from Escarpment will be sold into the domestic industrial market where margins are not linked to global pricing. Initial production will be limited to around 75,000 tonnes per annum for the domestic market with ramp up to export production deferred until export coking coal prices recover. Bulk samples will also be taken during this period as the next stage of qualification to secure export contracts. Infrastructure necessary for the first export shipments is already in place which will enable a quick transition to an export operation when market conditions improve.

5. Sales

As Bathurst moves closer to export production, discussions are continuing with end users in the key markets of India, Japan, Korea and China. While interest remains strong the company will wait for the coal price to recover before committing to long term contracts. The samples currently in the Japanese and Indian markets will be followed up with bulk samples for trials once activities in Escarpment are more advanced.

Demand from local dairy and cement making industries remains strong and provides the company with a stable revenue stream that is protected from FX movements and global pricing trends.

6. Exploration

All exploration drilling was suspended during the quarter with the exception of a single 137.7m hole drilled in the Moody Creek permit to comply with the Exploration Permit work programme.

Work is ongoing to ensure compliance with the new JORC 2012 reporting standards.

7. Corporate

7.1 Placement completed

In April Bathurst announced a placement to institutional, sophisticated and professional investors raising AUD\$7.393 million, before costs. Approximately 123 million fully paid ordinary shares were issued at AUD\$0.06/NZD\$0.065 per share.

The placement was followed by a Non-renounceable Rights Issue in June to enable all shareholders the opportunity to participate at the placement price. The placement was followed by a Non-renounceable Rights Issue in June to enable all shareholders the opportunity to participate at the placement price. The Rights Issue closed in early July with the allotment of 2,146,913 ordinary shares, raising NZ\$56,188 and AUD\$76,948 before expenses.

8. Cashflow and outlook

In February the Company announced a restructure to maximise the value of its operations to sustain the business through this current period of low global coking coal pricing. With the decision to defer the full ramp up of Escarpment, expenditure on development costs has substantially reduced during the quarter. The past six months have carried unbudgeted costs for restructures, some of which carried over into April however this will result in an overall reduction in general administration costs for the next financial year. Legal costs will also drop substantially now that the Escarpment consenting has been finalised.

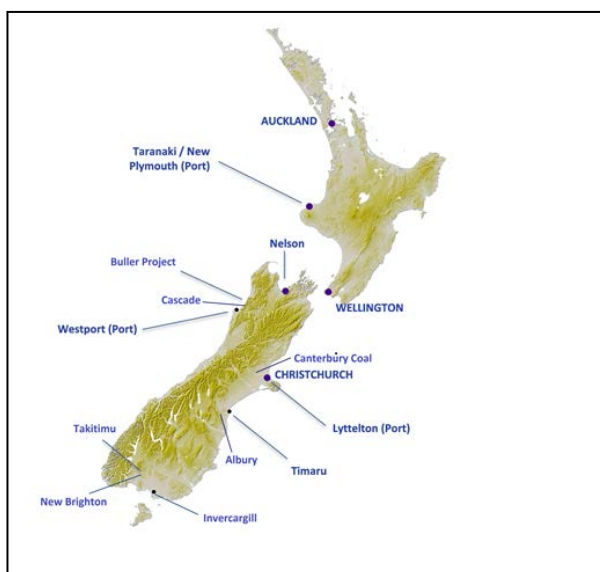
Bathurst was pleased to complete the June quarter in a cash positive position. The Company is closely monitoring expenditure to maintain that position however the current quarter to the end of September will see a net cash outflow due to reduced demand from the dairy industry during its normal winter downturn. The forecast for the December quarter and the remainder of the 2015 financial year is to return to a cash positive position.

9. About Bathurst Resources Limited

Bathurst is an NZX and ASX listed resources company. Its operations are in the South Island of New Zealand where it aims to be a leading coal producer, delivering high quality coking coal into export markets, providing coal for local cement manufacture and providing energy for the domestic food and dairy processing industries.

In June 2013 the company completed its redomicile from Australia to become a wholly New Zealand company. On July 1, 2013, Bathurst Resources (New Zealand) Limited commenced trading shares under the code BRL on both the New Zealand and Australian stock exchanges. In December 2013 the company name changed back to Bathurst Resources Limited. Bathurst now employs over 100 staff and contractors in New Zealand and has its head office in Wellington.

The flagship for the company is the Buller Coal Project near Westport, currently producing semi soft coking coal for local cement production but ultimately targeting high quality export coking coal for the steel mills of Japan, India and Asia.



Bathurst has a growing domestic business supplying energy to major South Island industrial users. Bathurst currently has three operating mines - Cascade at Buller, Takitimu at Nightcaps in Southland and Canterbury Coal, west of Christchurch. Cascade primarily provides coal as feedstock for the local cement industry while Takitimu and Canterbury Coal supply cost effective energy to the South Island food and dairy industries. This provides a sound revenue stream to support the development of the export business.

The company also operates coal handling and distribution centres in Timaru and Rolleston.

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 which are highly sought after by international steelmakers.

The Southland and Canterbury coal fields comprise sub-bituminous coals which are used to create energy for local industry in the South Island, where other options for power and energy infrastructure are either not available or not commercially viable.

9.1 Buller Project

Buller is the company's flagship project. It will comprise mining operations north and south of the Solid Energy Stockton mine, blending coal from the various coal blocks to create a high grade west coast export product.

The first production block is Cascade in the southern area, adjacent to the Escarpment and Coalbrookdale blocks. Cascade has historically produced around 45,000 tonnes per annum of high value low contaminant coal for the local industrial market. A large cut back to expose new coal areas has recently been completed, supporting an expansion to 150,000 tonnes per annum. Increased production will allow the coal from Cascade to be blended into the high quality export product with a proportion continuing to supply the cement industry.

The key first stage of the export coal project at Buller is Escarpment which is targeting an initial output of 500,000 tonnes per annum of coal for international steel markets once global coal prices recover. Siteworks have commenced and the coming months will see the mine developed to a stage where it can quickly move into steady state production to meet export demand when prices improve. Over the life of the block, total production is expected to increase to around one million tonnes per annum.

Global coking coal prices have been falling from high levels of US\$320 per tonne for hard coking coal in 2011 to a current low of around US\$110 per tonne. The total on board cost for Escarpment coking coal is expected to start at around US\$120 per tonne reducing to less than US\$90 per tonne at full production.

The next blocks to be developed at Buller as production from Escarpment extends outward are Coalbrookdale and Whareatea West. Coalbrookdale is fully consented for underground mining however Bathurst will apply for opencast consents for parts of the deposit which can be developed as an extension of Escarpment. Work is underway in preparation for this.

Whareatea West, which adjoins the Escarpment permit's western boundary, is an Exploration Permit. The company is currently gathering data in preparation for the consenting of this area of operation.

Bathurst has further coal blocks north of the Stockton Plateau. These blocks are contained within two separate Exploration Permits; Buller and Coal Creek. Preliminary analysis indicates that the very low ash, higher sulphur coal from this area can be blended with coal from the southern blocks to produce a single West Coast premium product. Coal from both the northern and southern blocks will be trucked to the same stockpile and washplant site established on the coastal plain, negating the need to duplicate infrastructure.

APPENDIX 11

QUARTERLY REPORT OF CONSOLIDATED CASH FLOWS

Bathurst Resources Limited
(Name of Mining Issuer)

For Quarter ended June 2014.....
(referred to in this Quarter as the "Current Quarter")

Quarterly Report of Consolidated Cash Flows in accordance with NZSX Listing Rule 10.10.4. These figures are based on accounts which are **unaudited**. If these figures are based on audited accounts, a statement is required of any material qualification made by the auditor. The Mining Issuer has a formally constituted Audit Committee of the Board of Directors.

[PLEASE REFER TO ATTACHED NOTES WHEN COMPLETING THIS FORM]

1. CASH FLOWS RELATING TO OPERATING ACTIVITIES

- (a) Receipts from product sales and related debtors
- (b) Payments for exploration and evaluation
 - for development
 - for production
 - for administration
- (c) Dividends received
- (d) Interest and other items of a similar nature received
- (e) Interest and other costs of finance paid
- (f) Income taxes paid
- (g) Other

(h) NET OPERATING CASH FLOWS

2. CASH FLOWS RELATED TO INVESTING ACTIVITIES

- (a) Cash paid for purchases of
 - prospects
 - equity investments
 - other fixed assets
- (b) Cash proceeds from sale of
 - prospects
 - equity investments
 - other fixed assets
- (c) Loans to other entities
- (d) Loans repaid by other entities
- (e) Other

(f) NET INVESTING CASH FLOWS

3. CASH FLOWS RELATED TO FINANCING ACTIVITIES

- (a) Cash proceeds from issues of shares, options, etc
- (b) Proceeds from sale of forfeited shares
- (c) Borrowings
- (d) Repayments of borrowings
- (e) Dividends paid
- (f) Other

(g) NET FINANCING CASH FLOWS

4. (a) *NET INCREASE (DECREASE) IN CASH HELD

- (b) Cash at beginning of quarter / year to date
- (c) Exchange rate adjustments to Item 4(a) above

(d) CASH AT END OF QUARTER

Current Quarter \$NZ 000	Year to Date (12 Months) \$NZ 000
12,854	51,613
(441)	(3,937)
(1,562)	(4,626)
(7,122)	(48,588)
(2,778)	(19,028)
-	-
173	465
(270)	(681)
(144)	(118)
-	37
710	(24,863)
(561)	(561)
-	(2,050)
(502)	(1,872)
-	-
-	-
(33)	(33)
-	-
-	-
-	-
(1,096)	(4,516)
7,239	25,741
-	-
-	-
(380)	(1,244)
-	-
-	-
6,859	24,497
6,473	(4,882)
2,344	13,754
56	1
8,873	8,873

5. NON-CASH FINANCING AND INVESTING ACTIVITIES

(a) Provide details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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(b) Provide details of outlays made by other entities to establish or increase their shares in projects in which the reporting entity has an interest.

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6. FINANCING FACILITIES AVAILABLE

Provide details of used and unused loan facilities and credit standby arrangements, adding such notes as are necessary for an understanding of the position.

Loan facilities

Credit standby arrangements

Total

Amount Available \$NZ 000	Amount Used \$NZ 000
4,303	4,303
505	-
4,808	4,303

7. ESTIMATED OUTLAYS FOR SPECIFIED QUARTERS

(a) Exploration and evaluation

(b) Development

(c) Production

(d) Administration

TOTAL

Current Quarter# \$NZ 000	Following Quarter \$NZ 000
1,165	392
2,081	1,602
7,156	8,731
1,919	2,083
12,321	12,808

Actual development spend for the quarter ended 30 June 2014 was \$1,562k (section 1(b)) against previous estimates of \$2,081k for the same period.

The difference is due to timing around development expenditure.

8. RECONCILIATION OF CASH

For the purposes of this statement of cash flows, cash includes

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Cash at the end of the quarter as shown in the statement of cash flows is reconciled to the related items in the amounts as follows:

Cash on hand and at bank

Deposits at call

TOTAL

Current Quarter \$NZ	Previous Quarter \$NZ
6,190	1,091
2,683	1,253
8,873	2,344

9. CHANGES IN INTERESTS IN MINING TENEMENTS

	Tenement Reference	Nature of Interest	Interest at Beginning of Quarter	Interest at End of Quarter
(a) Interests in mining tenements relinquished, reduced and/or lapsed	-	-	-	-
(b) Interests in mining tenements acquired and/or increased	-	-	-	-

(c) Where changes are reported in (a) and/or (b), an amended list of interests in mining tenements is to be attached to this statement.

10. ISSUED AND QUOTED SECURITIES AT END OF CURRENT QUARTER

Category of Securities	Number Issued	Number Quoted	Paid-Up Value Cents	
PREFERENCE SHARES:	-----	-----	-----	-----
Issued during current quarter:	-----	-----	-----	-----
ORDINARY SHARES:	944,931,961 -----	944,931,961 -----	-----	-----
Issued during current quarter:	123,187,640 -----	123,187,640 -----	-----	-----
Conversion of performance rights:	286,596 -----	286,596 -----	-----	-----
OPTIONS:			Exercise Price* AUD	Expiry Date
	2,000,000-----	-----	38 cents	29 Aug 2014
	2,000,000-----	-----	38 cents	19 Dec 2014
Issued during current quarter:	-----	-----	-----	-----
PERFORMANCE RIGHTS:			Exercise Price	
Issued under the company's long term incentive plan:	8,508,986-----	8,508,986 -----	n/a	
Issued during current quarter:	-----	-----	n/a	
DEBENTURES – totals only:	\$ -----	\$ -----		
UNSECURED NOTES – totals only:	\$ -----	\$ -----		

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



30/07/2014

.....
(Signed by) Authorised Officer of Listed Issuer

.....
(Date)

Bathurst Resources Limited

Addendum

ASX Listing Rule 5.3.3

➤ *The mining tenements held at the end of each quarter and their location*

<i>Reference</i>	<i>Location</i>	<i>Interest</i>
41-332	MP Cascade Creek	100%
41-274	MP Cascade Creek	100%
41-456	MP Cascade Creek	100%
40-628	EP West Coast	100%
51-078	EP Coal Creek	100%
51-279	MP Escarpment	100%
52-713	EP West Coast	100%
53-047	EP Charleston	100%
53-756	EP Mokihinui	100%
54-041	EP 10 Mile Creek	100%
54-057	EP Rocklands	100%
54-505	EP Denniston West	100%
54-896	PP Buller	100%
54-512	EP Flat Creek Tasman	100%
54-590	EP Inangahua	100%
54-389	EP Tihiroa Waikato	100%
40-591	EP West Coast	100%
51-260	EP Ohau Southland	100%
52-484	PP Canterbury Albury	100%
54-846	EP Albury	100%
54-933	EP Home Hills Otago	100%
54-935	PP Waitaki Otago	100%
53-614	MP Coaldale	100%
41-455	MP Cascade Creek	100%
41-372	MP Canterbury	100%
51-212	EP Moody Creek	100%
52-147	EP Greymouth	100%
51-258	EP Greymouth	100%
54-658	EP North Reefton	100%

➤ *The mining tenements disposed of during the quarter and their location*

<i>Reference</i>	<i>Location</i>	<i>Interest at beginning of quarter</i>	<i>Interest at end of quarter</i>
-	-	0%	0%

➤ *The beneficial percentage interest held in farm-in or farm out agreements at the end of the quarter*

Not applicable

➤ *The beneficial percentage interest held in farm-in or farm out agreements acquired or disposed of during the quarter*

Not applicable