

ASX & NZX Release

30 April 2014

BATHURST RESOURCES LIMITED

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DIRECTORS

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

ISSUED CAPITAL

(at 31 March 2014):

821,457,725 Ordinary Shares
12,508,986 Unlisted Options &
Performance Rights

NZX & ASX Code: BRL

SUBSTANTIAL SHAREHOLDERS

(at 31 March 2014):

Coupland Cardiff (13.3%)
L1 Capital (9.9%)

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

QUARTERLY ACTIVITIES REPORT

For three months ended 31 March 2014

1. Highlights

- Councils approve management plans
- Company restructure to preserve value
- New Zealand director appointed Chairman
- AUD\$7.4M placement completed in April

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.

In February, Bathurst announced a company restructure designed to preserve value in its Buller project in the face of falling global coking coal prices. The intention is to bring Escarpment into initial production supplying the domestic market, in readiness to ramp up to full production once export coal prices recover.

Management plans for Escarpment have been approved by the councils and Bathurst is now actively working with the Department of Conservation to secure the Authority to Enter and Operate based on a revised operating plan to enable the commencement of activities on site.

The focus this quarter has been developing the domestic mines to a cash positive position to support the whole business.

Adverse weather adversely impacted all operations in terms of coal production during the quarter.



3. 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. Over the next twelve to eighteen months that number should increase as the company develops its projects.

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.

3.1 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. Production will increase to around one million tonnes per annum over the life of the block.

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.

As Bathurst has moved closer to export production, discussions have continued with customers and off-take partners with a focus on end users in the key markets of India, Japan and China. It is expected some changes with existing off-take partners will be required in response to the current market conditions and the company's desire to contract directly with end users, being the leading steel companies in Asia.

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. An application for a Mining Permit will be submitted for Whareatea West in 2014.

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.

In October 2013 the Environment Court granted the resource consent for the Escarpment Project. In March 2014 the company received sign off for its management plans from the Buller District Council and West Coast Regional Council, Iwi and the Department of Conservation. Bathurst is now working actively with the Department of Conservation to secure the Authority to Enter and Operate. Once this is granted mining works can commence. 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 initial period as the next stage of qualification to secure export contracts.

4. Operations Report

4.1 Health, Safety and Environment

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

Bathurst Chief Operating Officer, Richard Tacon, has been appointed to the board of the Mines Rescue Trust. This is a body that administers the mines rescue functions for New Zealand under the new 2013 Mines Rescue Act as per the recommendations of the Pike River Royal Commission.

4.2 Production

During the quarter, Bathurst achieved total coal sales of 93,985 tonnes. This represents an increase of 22% for the same period last year.

Site	Production (Raw coal tonnes)	Overburden (bcm's)	Coal Sales (tonnes) *
Cascade	15,600	383,430	26,136
Takitimu	58,053	805,060	63,058
Canterbury Coal	16,610	78,495	4,791
Total	90,263	1,266,985	93,985

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

4.3 Buller

Cascade, on the edge of the Denniston Plateau near Westport, is targeting an annualised production of 150,000 tonnes. Production is currently from the 'Cut 1' and 'Cut 2' blocks. During the quarter coal production was affected by geotechnical issues that required some mine design changes to enable coal production to return to target levels. This included an alternative access road and a revised dump design.

4.4 Takitimu

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

Production at Takitimu was behind forecast for the quarter with the eastern and western pit walls requiring careful monitoring and management during period. The overburden material is largely clay which has low stability and can slump during wet periods. Whilst production is mainly from Coaldale, further coal reserves in the Takitimu block are now coming online. This has a low strip ratio and will be mined over the next two quarters. The Coaldale block is now in a steady state mining situation with a good inventory of coal available for less overburden removal than previously encountered. Maintaining stability of the eastern wall is the current priority to reduce any geotechnical risk to future coal production.

4.5 Canterbury Coal

The recently acquired Canterbury Coal mine near Coalgate, west of Christchurch, should produce up to 35,000 tonnes per annum of energy coal for the local dairy processing industries.

During the quarter the southern extension area of the mine was granted a Resource Consent.

5. Sales

Sales and marketing activities were strong during the recent quarter in both domestic and export sectors. Further samples were dispatched to potential end users in China, India and Japan. These will be followed up by bulk samples once operations at Escarpment have been established.

The Company is continuing to monitor global coking coal pricing which has seen a slight upturn in recent weeks however that upward trend will need to continue and be sustained before any commitments are made for long term contract pricing.

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

Exploration drilling continued during the quarter at Buller for both limited resource definition and sampling for future offtake. A total of nineteen holes were drilled (1,123 metres). Further bulk sampling was undertaken during the quarter at Escarpment and North Buller to obtain marketing samples for export customers.

Seven exploration trenches totaling 128 m were excavated in the southern extension at Canterbury Coal

Drilling was completed on the Coaldale highwall at Takitimu to determine the extent of the deposit. This has identified further reserves on the east of the Coaldale block. Three holes were drilled during the quarter (129 metres).

Further exploration drilling activities have now been suspended.

7. Corporate

7.1 Placement completed

In April, subsequent to period end, 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\$0.055 per share.

7.2 Appointment of new chairman

In February, Craig Munro announced his retirement and resignation as non-executive Chairman, effective 31 March 2014. Mr Munro was chairman of Bathurst from 3 December 2009. Bathurst's board and management would like to express their appreciation for the significant contribution Mr Munro made during this time.

Mr Munro was succeeded by New Zealand based Dave Frow. Mr Frow was appointed non-executive director of Bathurst in July 2013. He is a widely experienced company director, CEO and engineer with particular expertise in the energy sector.