

BATHURST RESOURCES LIMITED

New Zealand Company Number: 4382538 ARBN: 164 306 905



BATHURST

RESOURCES LIMITED

ENTITLEMENT OFFER BOOKLET

FOR A PRO-RATA NON-RENOUNCEABLE ENTITLEMENT OFFER TO ELIGIBLE SHAREHOLDERS, OF 1 NEW ORDINARY SHARE IN BATHURST RESOURCES LIMITED FOR EVERY 23 SHARES HELD ON THE RECORD DATE AT NZ\$0.065 OR A\$0.06 PER OFFER SHARE

30 May 2014

This is an important document which is accompanied by a personalised entitlement and acceptance form for the offer of new ordinary shares of the same class as the shares of Bathurst Resources Limited already listed on the NZX Main Board and ASX at the time of the Offer.

Bathurst Resources Limited is subject to continuous disclosure obligations that require it to notify certain material information to NZX and ASX for the purpose of that information being made available to participants in the NZX Main Board and in ASX, respectively.

IMPORTANT INFORMATION

The 1 for 23 pro rata non-renounceable entitlement offer (“**Offer**”) by Bathurst Resources Limited (“**Bathurst**” or “the **Company**”) to Eligible Shareholders of 1 new ordinary share in Bathurst (“**Offer Shares**”) for every 23 Shares held on the Record Date at a price of either NZ\$0.065 or A\$0.06 per Offer Share is not being made under a prospectus or product disclosure statement prepared in compliance with the laws of your jurisdiction. Rather, the Offer is being made to Eligible Shareholders in New Zealand pursuant to clause 19 of Schedule 1 of the *Financial Markets Conduct Act 2013* and in Australia pursuant to section 708AA of the *Corporations Act 2001 (Cth)*, which in each case allow entitlement offers to be made by providing certain confirmations to the relevant market.

Eligible Shareholders will have the option to pay for their Offer Shares in either New Zealand dollars or Australian dollars regardless of their place of residence.

This Offer Document is prepared as at, and dated, 30 May 2014.

The Offer follows an institutional or qualified investor placement (“**Placement**”) that was completed by Bathurst on 28 April 2014 under which approximately 123 million new shares were issued at NZ\$0.065 or AUD0.06 each.

If you are an Eligible Shareholder and do not take up your Entitlements, your Entitlements will lapse, you will not be able to subscribe for any of the Offer Shares that are attributable to your Entitlements and you will not receive any value from those Entitlements. However, the Offer Shares in respect of Entitlements not taken up by Eligible Shareholders may either be acquired by other Shareholders who have applied for Offer Shares in excess of their Entitlement or may be placed by the Board with new investors. As a result, if you do not take up your Entitlements, your shareholding in Bathurst as at the Record Date can be expected to be diluted by the Offer Shares issued pursuant to the Offer.

If you sell your Shares (and settle that sale) prior to the Record Date, please send this document and enclosures to the NZX Primary Market Participant or ASX Stockbroker through whom you made the sale, requesting that they be forwarded to the new holder.

Continuous disclosure

Bathurst is subject to continuous disclosure obligations which require it to notify certain material information to NZX and ASX for the purpose of that information being made available to participants in the NZX Main Board and ASX. You should note that other important information about Bathurst is contained in the disclosures it has made pursuant to its continuous disclosure obligations under the Securities Markets Act 1988 and the NZX Main Board and ASX Listing Rules.

Notifications made by Bathurst in respect of its continuous disclosure obligations are available on the NZX website (www.nzx.com), the ASX website (www.asx.com.au) or at Bathurst's website (www.bathurstresources.co.nz).

Deciding to invest

This booklet is an important document and should be read carefully. This document does not take account of your investment objectives, financial situation or particular needs. You should consider the risks that are associated with an investment in the Offer Shares, particularly with regard to your personal circumstances (including financial and tax issues).

Investment in the Offer Shares involves risks including those which Bathurst has detailed in the disclosures it has made pursuant to its continuous disclosure obligations.

If you have any questions regarding those risks or the Offer generally, you should consult your financial or other professional adviser or a NZX Primary Market Participant or ASX Stockbroker without delay.

Forward looking statements

This Offer Document and any information released by the Company pursuant to its continuous disclosure obligations may contain certain statements that relate to the future. Such statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Bathurst and which may cause actual results, performance or achievements of Bathurst to differ materially from those expressed or implied by such statements.

New Zealand Privacy Act notice

Any personal information you provide will be held by Bathurst or the Registrar at the addresses shown in the Directory or such other place as is notified upon request. This information will be used for the purposes of managing your investment in Bathurst. Under the Privacy Act 1993, you have the right to access and correct any personal information held about you.

Information for Australian investors

This Offer is being made to Australian resident Shareholders in accordance with section 708AA of the Corporations Act. This booklet is not a prospectus nor is it any other form of disclosure document regulated by the Corporations Act. Neither ASIC nor ASX take any responsibility for the contents of this document. Accordingly, this document may not contain all the information which would otherwise be required by Australian law to be disclosed in a prospectus in accordance with the Corporations Act.

If you receive any payments in relation to Offer Shares that are not in Australian dollars, you may incur fees in having the funds credited to your bank account in Australia in Australian dollars. This Offer involves exchange rate risk.

Australian privacy law

As an existing Shareholder, Bathurst and the Registrar have already collected certain personal information from you. If you apply for Offer Shares, Bathurst and the Registrar may update that personal information and you may be asked to provide personal information to Bathurst (and your NZX Primary Market Participant or ASX Stockbroker) and the Registrar on Bathurst's behalf. That personal information is collected to assess your application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Bathurst and the Registrar may disclose your personal information for purposes relating to your application and holding to their agents and service providers including those listed below or as otherwise authorised under the Australian Privacy Act:

- the Manager in order to assess your application;
- the Registrar for ongoing administration of the register; and
- printers and mailing houses for the purposes of preparation and distribution of holder information and for handling of mail.

The information may also be disclosed to Bathurst's related bodies corporate and/or their agents and service providers on the basis that they deal with such information in accordance with the Australian Privacy Act. Company and tax law requires that some of the information to be collected. If you do not provide the information requested, your application may not be processed efficiently, or at all.

Under the Australian Privacy Act, you may request access to your personal information held on or on behalf of Bathurst. You can request access to your information or obtain further information about Bathurst's management practices by contacting the Registrar at the contact address set out in the Directory. If the Registrar's record of your personal information is incorrect or out of date it is important that you contact the Registrar or Bathurst so that your records can be corrected.

Selling restrictions

The Offer is only open to Eligible Shareholders.

Bathurst is of the view that it is unduly onerous to make the Offer to Ineligible Foreign Shareholders having regard to the number of Ineligible Foreign Shareholders and the costs associated with complying with overseas legal requirements.

This booklet does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify this Offer Document or to permit a public offering of Offer Shares in any jurisdiction outside New Zealand and Australia.

This booklet is not to be sent or given to any person outside New Zealand or Australia in circumstances in which the Offer or distribution of this Offer Document would be unlawful. The distribution of this booklet (including an electronic copy) outside New Zealand or Australia may be restricted by law. If you come into possession of this document, you should seek your own advice on any restrictions and observe them. Any failure to comply with such restrictions may contravene applicable securities laws. Bathurst disclaims all liability to such persons.

No person may purchase, offer, sell, distribute or deliver Offer Shares, or be in possession of, or distribute to any person, any offering material or any documents in connection with the Offer Shares, in any jurisdiction other than in compliance with all applicable laws and regulations.

Bathurst may reject any application for Offer Shares under the Offer that it believes comes from a person to whom the Offer may not lawfully be made.

Any person who exercises Entitlements (and therefore applies for Offer Shares) through a New Zealand or Australian resident nominee or custodian will be deemed to have represented and warranted to Bathurst that the Offer can be lawfully made to their nominee or custodian pursuant to this document. Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how they should proceed in respect of the Offer.

Neither Bathurst, nor the Manager, nor any of their respective directors, officers, employees, consultants, agents, partners or advisers accept any liability or responsibility to determine whether a Shareholder is able to participate in the Offer.

International offer restrictions

This Offer Document does not constitute an offer of Entitlements or Offer Shares of Bathurst in any jurisdiction in which it would be unlawful. Entitlements and Offer Shares may not be offered or sold in any country outside Australia and New Zealand except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the "Companies Ordinance"), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "**SFO**"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Entitlements and the Offer Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Entitlements and the Offer Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Entitlements and the Offer Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Entitlements or Offer Shares may sell, or offer to sell, such securities in circumstances that

amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Singapore

This document and any other materials relating to the Entitlements and the Offer Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Entitlements and Offer Shares, may not be issued, circulated or distributed, nor may the Entitlements and Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of Bathurst's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Entitlements or the Offer Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Entitlements or Offer Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) has been published or is intended to be published in respect of the Entitlements or the Offer Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and these securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the Entitlements or the Offer Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to Bathurst.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("**FPO**"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "**relevant persons**"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

United States

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 ("**US Securities Act**") and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

NZX Main Board and ASX quotation

Applications for the Offer Shares to be quoted by NZX on the NZX Main Board and by ASX on ASX have been made and it is expected that those shares will be quoted in accordance with the timetable set out in section 3 below. Neither NZX nor ASX accepts any responsibility for any statement in this Offer Document. The NZX Main Board is a registered market operated by NZX, a registered exchange regulated under the Securities Markets Act 1988.

Governing law

This Offer Document and the Offer and the contracts formed on their acceptance are governed by the laws of New Zealand. By making an application for Offer Shares you submit to the exclusive jurisdiction of the courts of New Zealand in relation to any matter arising out of the Offer.

No guarantees

Nothing contained in this Offer Document should be construed as a promise of profitability or of investment returns in respect of Bathurst, and no person named in this Offer Document, nor any member of the Bathurst Group, nor any of their respective directors, officers or employees, nor any other person gives any guarantee or promise as to the Offer Shares, the future performance of Bathurst or the Bathurst Group, or the future value or share price of Offer Shares or the return of capital or payment of any distributions in relation to the Offer Shares.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation in connection with the Offer not contained in this Offer Document may not be relied upon as having been authorised by Bathurst, the Organising NZX Participant or any of their respective directors, officers, or employees. The Organising NZX Participant has not been responsible for the preparation of, and accepts no liability in connection with, the Offer Document.

General terms

Capitalised terms used in this Offer Document have defined meanings which appear in section 6.

A reference in this Offer Document to "we", "us" or "our" is a reference to Bathurst Resources Limited.

Unless otherwise stated, all references to time are to New Zealand time, all references to currency are to New Zealand dollars, and all references to applicable statutes and regulations are references to New Zealand statutes and regulations.

Enquiries

Enquiries about the Offer should be directed to a NZX Primary Market Participant or ASX Stockbroker or your financial or other professional adviser.

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CHAIRMAN'S LETTER

Dear Shareholders

On behalf of the Board, I have pleasure in presenting this Offer Document offering Eligible Shareholders the opportunity to participate in a 1 for 23 pro rata non-renounceable entitlement offer of Shares at an Offer Price of NZ\$0.065 per Offer Share, or, if you wish to pay in Australian dollars, a corresponding amount of A\$0.06 per Offer Share.

Following the recent Placement which raised AUD\$7.393 million, the Board wishes to ensure that all shareholders have an opportunity to subscribe for shares at the Placement price. In light of the company being unable to offer shareholders a Share Purchase Plan at this time¹, the company has elected to undertake a small pro-rata non-renounceable rights issue to ensure that all shareholders can participate pro-rata to their current holding in the company.

Bathurst's vision is to become New Zealand's pre-eminent coal producer. We recently announced a restructure to cut costs and preserve value in our Buller export coking coal project while we await our final Authority to Enter and Operate to be granted by the Department of Conservation for the Escarpment Project. The Company's intention is to ensure that its Domestic Operations are in a position to provide a sound earnings base insulated from the volatility of international coal prices and foreign exchange rates, offering a platform from which to develop our Export Operations. Our commitment is to establish the Escarpment mine to a stage where it can quickly ramp up to full commercial production on the recovery of global coking coal prices.

Once coal prices recover sufficiently to warrant the commencement of full mining operations Bathurst will target production of up to 900ktpa of high quality coking coal from Escarpment, with the wider Buller Coal Project targeting production (inclusive of production from the Escarpment Project) in excess of 2Mtpa, subject in each case to obtaining the necessary resource consents.

We intend to use the proceeds of the Offer along with the raising from the recent Placement primarily to fund the development of the Escarpment Project, and to assess other sites on the West Coast of New Zealand for their potential for the production of coking coal.

The Directors are delighted to be involved with Bathurst and the development of a quality natural resource that has substantial export earnings potential, and the potential to deliver material regional economic and employment opportunities. At full production, our Buller Coal Project has the potential to provide over 400 direct jobs and generate substantial levels of royalties and taxes while providing significant free cash flows for you, the Shareholders.

This Offer Document sets out further details of the Offer. Before deciding whether to take up your Entitlement, you should read this Offer Document carefully and review the information that we have released as part of our continuous disclosure obligations. If you are in doubt as to the course you should follow, you should consult your financial or other professional adviser.

The Board thanks you for your continued support and is pleased to recommend the Offer to you.

Yours faithfully
BATHURST RESOURCES LIMITED



Dave Frow
Chairman

¹ Australian requirements only permit a shareholder to participate in one SPP in a 12 month period and the Company undertook a SPP in October 2013 following a placement made at that time.

1. SUMMARY OF THE OFFER

Issuer	Bathurst Resources Limited
Eligibility for the Offer	Eligible Shareholders being any person registered as a Shareholder at 7pm (NZ Time) on the Record Date and (i) whose address is shown in the Share Register as being in New Zealand or Australia; or (ii) to whom Bathurst, in its sole discretion, is satisfied that the Offer may lawfully be made under all applicable laws without the need for any registration, lodgement or other formality; and, in any event (iii) who is not in the United States of America and is not acting for the account or benefit of a person in the United States.
Rights of Eligible Shareholders	<p>Eligible Shareholders have an entitlement to subscribe for 1 Offer Shares for every 23 Shares held on the Record Date.</p> <p>The number of Offer Shares you may apply for is set out in the accompanying Entitlement and Acceptance Form.</p> <p>You may subscribe for some or all of your Entitlements, or not take up any of your Entitlements. Your Entitlements may be valuable. The Board encourages you to take up your Entitlements.</p> <p>If you subscribe for all of your Entitlements, you may also apply for additional Offer Shares over and above your Entitlements.</p>
Offer Shares	Offer Shares issued on completion of the Offer will rank equally with existing Shares, including as to distribution and voting rights, and will be quoted and traded on the NZX Main Board and ASX.
Offer Price	NZ\$0.065 per Offer Share or, if you wish to pay in Australian dollars, a corresponding amount of A\$0.06 per Offer Share at the Eligible Shareholder's option.
Offer costs	You will not pay brokerage or stamping fees on any Offer Shares you subscribe for under the Offer.
Entitlement	The Offer is non-renounceable and therefore you may not sell any Entitlements you do not wish to take up.
Shortfall	Any Offer Shares not taken up by Eligible Investors may be issued at the discretion of the Board. The Board presently intends to exercise this discretion as described in section 4.7.

Full details of the Offer are set out in section 4.

Key Offer statistics

As at the date of this booklet, Bathurst has 944,931,961 Shares on issue following the Placement announced on 16 April 2014 with those new Shares allotted on 28 April 2014.

On completion of the capital raising under this Offer (and assuming that all entitlements are taken up by either Eligible Shareholders (under their Entitlements or by applying for excess Offer Shares) or by placees selected by the Board) Bathurst will have raised approximately NZ\$2.7 million, (before fees and expenses) and will have 986,015,959 shares on issue.

2. INDICATIVE DATES

Activity	Date
Announcement of the Offer	30 May 2014
Ex Date on ASX	5 June 2014
Ex Date on NZX	6 June 2014
Record Date	10 June 2014
Opening Date	13 June 2014
Offer Booklet and Entitlement and Acceptance Forms mailed	13 June 2014
Closing Date (for acceptances)	3 July 2014
New Shares trade on ASX on “deferred settlement” basis	4 July 2014
Settlement and Allotment Date	9 July 2014
Offer Shares expected to commence trading on NZX Main Board	10 July 2014
Offer Shares expected to commence trading on ASX (on normal settlement basis)	10 July 2014
Mailing of allotment notices for Offer Shares	16 July 2014

These dates are subject to change and are indicative only, and, subject to the requirements of the Securities Act, the Financial Markets Conduct Act, NZX Main Board and ASX Listing Rules, may be amended by Bathurst at its sole discretion.

Bathurst may also, in its sole discretion, withdraw the Offer or the issue of Offer Shares at any time before the date of allotment as described in section 4.13.

If the Offer is withdrawn before the allotment of Offer Shares, all Entitlements will lapse.

3. TAXATION IMPLICATIONS

TAXATION IMPLICATIONS OF THE OFFER

The following comments are of a general nature. They are based on the law at the date of this document and do not deal with the specific circumstances of individual Shareholders.

You should seek your own tax advice in relation to your Offer Shares.

WHERE ARE YOU TAX RESIDENT?

Your tax residence status will affect how New Zealand (and your country of tax residence, if not New Zealand) taxes your return on the Offer Shares.

If you are New Zealand tax resident the New Zealand tax implications for New Zealand tax resident shareholders section below applies to you.

If you are Australian tax resident the Australian tax implications for Australian tax resident shareholders section below applies to you.

If you are tax resident in a country other than New Zealand or Australia, or if you are unsure of your country of tax residence, you should seek your own tax advice.

NEW ZEALAND TAX IMPLICATIONS FOR NEW ZEALAND TAX RESIDENT SHAREHOLDERS

The following is a summary of the New Zealand tax implications of investing in the Offer Shares if you are tax resident in New Zealand.

Distributions you receive on your Offer Shares

Distributions you receive from Bathurst will generally be taxable dividends for New Zealand tax purposes. Bathurst may attach imputation tax credits to dividends, representing income tax paid by Bathurst on its own income.

Some distributions you receive from Bathurst may not be dividends (for example, non-taxable bonus issues and certain returns of capital). The New Zealand tax implications arising from future non-taxable bonus issues and returns of capital have not been covered in this section.

Bathurst will generally be required to withhold resident withholding tax ("**RWT**") from taxable dividends it pays. The amount of RWT Bathurst is required to withhold will vary with the level of imputation credits attached to the distribution.

Bathurst will not withhold RWT from dividends you receive if you hold a current RWT exemption certificate that you have provided to Bathurst before the dividend is paid to you.

If you are required to file a tax return for the income year in which the dividend is derived you must return the dividend as assessable income. Imputation credits attached and RWT withheld may generally be used as a credit against your tax liability.

Sale or disposal of Offer Shares

Although New Zealand does not have a capital gains tax, there are instances where you will be subject to New Zealand tax on gains you make on the sale or disposal of your Offer Shares or will be allowed a deduction for any loss you make. You must consider your individual circumstances to determine whether any gain on the sale or disposal of your Offer Shares will be taxable.

Generally, you will be subject to tax on any gain (or allowed to deduct any loss) arising from the sale or disposal of your Offer Shares if you:

- are in the business of dealing in shares; or
- acquire your Offer Shares as part of a profit making undertaking or scheme; or
- acquire your Offer Shares with the dominant purpose of selling them.

Your taxable gain (or tax deductible loss) will be the difference between the cost of your Offer Shares and the market value of the consideration received for their sale or disposal. If you have a taxable gain you will most likely be required to include that gain in a tax return for the tax year in which the sale occurs. You will need to pay any tax owing in respect of that gain at your marginal tax rate.

ENTITLEMENTS

Grant of Entitlements

The grant of the Entitlements should not give rise to a taxable dividend.

Exercise of the Entitlements

To the extent you exercise your Entitlements to the Offer Shares no additional tax consequences should apply.

Not taking up your Entitlements

That part of your Entitlement not taken up will automatically lapse. As you do not receive any proceeds when the Entitlements lapse and the Entitlements were issued at no cost, there should be no taxation consequences as a result of the lapse.

No stamp duty or GST

New Zealand does not have stamp duty. New Zealand GST will not apply to your investment in the Offer Shares.

AUSTRALIAN TAX IMPLICATIONS FOR AUSTRALIAN TAX RESIDENT SHAREHOLDERS

The following is a summary of the Australian tax implications of investing in the Offer Shares if you are a resident of Australia for income tax purposes. This outline of the general Australian tax consequences of the Offer applies to Australian tax residents who hold those shares and Entitlements on capital account and who hold less than 10% of the voting rights in Bathurst.

These are general comments only and it is important that Australian Shareholders seek their own advice regarding the Australian tax consequences specific to their circumstances.

Distributions you receive on your Offer Shares

Dividends paid in respect of the Offer Shares should be included in your assessable income.

Bathurst will withhold non-resident withholding tax ("**NRWT**") from taxable dividends received in respect of Offer Shares. A 15% rate of NRWT will apply. Most distributions made by Bathurst will be taxable dividends, however Bathurst may undertake non-taxable bonus issues and certain returns of capital in the future which will not be taxable dividends. The Australian tax implications arising from future non-taxable bonus issues and returns of capital have not been covered in this section.

To the extent that Bathurst pays an imputed dividend for New Zealand tax purposes, then Bathurst may pay you an additional supplementary dividend which effectively offsets the NRWT on the dividend. Any supplementary dividend received should be included in your assessable income.

The NRWT withheld should entitle you to a foreign tax offset ("**FTO**") to reduce the amount of Australian tax payable on the dividend received. Very broadly, the amount of the FTO you are entitled to will be limited to the extent of your Australian tax liability on the taxable dividend, subject to certain other limitations.

Sale or disposal of Offer Shares

To determine whether a capital gain or capital loss is crystallised on the disposal of Offer Shares, it is necessary to compare the proceeds received upon disposal with the cost base of the Offer Shares. Where the proceeds received upon disposal exceed the cost base, you will crystallise a capital gain. If the proceeds are less than the cost base you will incur a capital loss.

Where a capital gain is realised, you will be entitled to reduce the gain (after applying any available capital losses) by the Capital Gains Tax ("**CGT**") discount, provided you have held the Offer Shares for at least 12 months. The discount rate is currently 50% for individuals and one third for complying superannuation funds. No discount is available for company investors.

ENTITLEMENTS**Grant of the Entitlements**

The grant of the Entitlements to subscribe for the Offer Shares should not, of itself, result in an amount needing to be included in your assessable income. Nor should it cause any adjustment to the cost base of your existing shares.

Exercise of the Entitlements

Where you exercise your Entitlements to acquire Offer Shares under the Offer, these Offer Shares will become assets for CGT purposes. You will be taken to have acquired

the Offer Shares when your Entitlements are exercised. The cost base of the Offer Shares will broadly be the amount you paid for them pursuant to the Entitlement Offer plus incidental costs (if any) associated with your purchase.

Not taking up your Entitlements

That part of your Entitlement not taken up will automatically lapse. As you do not receive any proceeds when the Entitlements lapse and the Entitlements were issued at no cost, there should be no taxation consequences as a result of the lapse.

Other Australian taxes

No Australian Goods and Services Tax or stamp duty is payable in relation to the grant or exercise of the Entitlements or the acquisition of Offer Shares.

4. DETAILS OF THE OFFER

4.1 What is the Offer? Why is it being made?

The Offer is a pro rata non-renounceable entitlement offer by Bathurst to Eligible Shareholders.

Under the Offer (and subject to any rounding of fractional Entitlements to the nearest whole number), Eligible Shareholders are entitled to subscribe for 1 Offer Share for every 23 Shares held by that Eligible Shareholder on the Record Date, subject to the terms of this document.

The Entitlements are non-renounceable. This means that Eligible Shareholders are not entitled to sell or otherwise transfer any of their Entitlements. Your right is to subscribe for some or all of your Entitlements, or not take up any of your Entitlements.

The maximum number of Offer Shares that is being offered under the Offer is 41,083,998.

4.2 Is the Offer conditional?

The Offer is unconditional and there is no minimum subscription amount to be raised. However, as described in section 4.13, Bathurst may in its sole discretion withdraw the Offer and issue of Offer Shares at any time prior to allotment. If the Offer is withdrawn before the allotment of Offer Shares, all Entitlements will lapse.

4.3 Offer Price

The Offer Price is NZ\$0.065 per Offer Share payable in full to Bathurst upon application. Eligible Shareholders will have the option to pay for their Offer Shares in either New Zealand dollars or Australian dollars. For those Eligible Shareholders electing to pay for their Offer Shares in Australian dollars, the corresponding Australian dollar amount will be A\$0.06 per Offer Share.

The Offer Price is the same price as shares issued under the Placement, which was completed on 28 April 2014. The Placement price of NZ\$0.065 / A\$0.06 per share was a 20.7 per cent discount to the closing price of NZ\$0.082 on the NZX Main Board, and a 14.3 per cent discount to the closing price of A\$ 0.07 on the ASX on 11 April 2014. Since the completion of the Placement, which included a statement that an entitlement offer to all shareholders was under consideration, the closing market price for the shares has fluctuated between NZ\$0.06 and NZ\$0.071 cents on the NZX Main Board and A\$0.067 and A\$0.059 cents on the ASX.

The market price of Shares may increase or decrease between the date of this document and the Settlement and Allotment Date. Any changes in the market price of Shares will not affect the Offer Price that you are required to pay for Offer Shares. The

market price of the Offer Shares following their allotment may be higher or lower than the Offer Price.

4.4 Am I eligible to receive Entitlements?

The Offer is only open to Eligible Shareholders.

If you sell any Shares (and that sale settles) prior to 7pm (NZ Time) on the Record Date, then the Entitlements attributable to those Shares will accrue to the holder of those Shares as at 7pm (NZ Time) on the Record Date. If you have acquired Shares (and that sale settles) after the Record Date, you will not receive any Entitlements in relation to those Shares.

Bathurst may reject any application for Offer Shares under the Offer that it believes comes from a person to whom the Offer may not lawfully be made.

4.5 Ineligible Foreign Shareholders

The Offer is only open to Eligible Shareholders. Entitlements that would otherwise accrue to Ineligible Foreign Shareholders will be deemed not to have been created.

4.6 What are my Entitlements?

Your Entitlements are set out in the Entitlement and Acceptance Form sent to you with this booklet. Fractional entitlements to Offer Shares will be rounded to the nearest whole number. Entitlements will not be scaled up to a minimum holding.

No costs or fees are payable by Shareholders to Bathurst in relation to the Offer. The only payment to be made to Bathurst is the Offer Price for any Offer Shares on taking up your Entitlements.

4.7 May I apply for additional Offer Shares in excess of my Entitlements?

If you take up all of your Entitlements, you may also apply for Offer Shares in excess of your Entitlements. The Company will deal with such applications (**Excess Applications**) in a manner that the Board considers is equitable and in the interests of the Company which is expected to result in any remaining Offer Shares being allocated across all Excess Applications proportionately where that results in all such shares being subscribed for. To the extent that Excess Applications exceed the number of Offer Shares available to be allocated in this manner, Bathurst will refund to you the application moneys for unallocated Offer Shares in the original currency of payment.

4.8 What can I do with my Entitlements?

You can either:

- take up all of your Entitlements;
- take up all of your Entitlements and subscribe for more Offer Shares in excess of your Entitlements;
- take up some of your Entitlements; or
- not take up any of your Entitlements.

Important: if you do nothing with your Entitlements, they will lapse and you will not be able to subscribe for any Offer Shares or realise any value from your Entitlements.

4.9 Can I sell my Entitlements?

No. The Offer is non-renounceable and you are not entitled to sell or otherwise transfer any of their Entitlements.

4.10 How can I take up my Entitlements?

If you wish to subscribe for Offer Shares under the Offer, you must complete your Entitlement and Acceptance Form. Your Entitlement and Acceptance Form, together with your cheque or bank draft (if applicable), must be delivered to the Registrar at the address set out in the Directory, or may be lodged with any NZX Primary Market Participant or ASX Stockbroker or any other channel approved by NZX or ASX (as applicable), provided that you deliver your completed Entitlement and Acceptance Form in time to enable it to be forwarded to the Registrar before 7pm (NZ time) on the Closing Date.

Although the Closing Date is Thursday 3 July 2014 (unless amended), Bathurst encourages Eligible Shareholders wishing to accept the Offer to do so promptly, to ensure their applications are processed and their payments cleared.

Bathurst encourages Eligible Shareholders wishing to accept the Offer to make payment by internet banking/direct credit. If paying by this method, you must submit your payment instructions to your bank no later than 4pm on Tuesday 1 July 2014.

Bathurst may accept late applications, but has no obligation to do so. Bathurst may accept or reject (at its discretion) any Entitlement and Acceptance Form which is not completed correctly, and/or may correct any errors or omissions on any such form.

4.11 What happens if I decide not to take up my Entitlements, or take up only part of my Entitlements?

If you do not take up all or part of your Entitlements by the Closing Date, that part of your Entitlements not taken will automatically lapse and you will not be able to subscribe for any of the Offer Shares that are attributable to that part of your Entitlements not taken up. However, the Offer Shares in respect of Entitlements not taken up by Shareholders may be acquired by other Shareholders who have applied for Offer Shares in excess of their Entitlement. As a result, your shareholding in Bathurst as at the Record Date will be diluted by the Offer Shares issued pursuant to the Offer.

If you do not wish to take up any of your Entitlements you need not take any further action. However you will not be able to realise any value from your Entitlements.

The Board encourages you to take up your Entitlements.

4.12 Taxation

A brief summary of the New Zealand and Australian taxation implications relating to the Offer is set out in section 3. Shareholders should consult their own tax or financial adviser concerning the taxation implications in their particular circumstances of receiving Entitlements or acquiring, holding and/or disposing of Offer Shares.

4.13 Funds received and refunds

Funds received in respect of applications will be held in trust accounts until the corresponding Offer Shares are allotted or the funds are refunded. The trust account will be established by Bathurst solely for the purpose of depositing funds received in respect of applications. Interest earned on these funds (including funds which are refunded) will

be for the benefit, and remain the property, of Bathurst and will be retained by Bathurst whether or not the issue and allotment of Offer Shares takes place.

Bathurst may cancel the Offer and issue of Offer Shares at any time prior to allotment, in which case all funds received in respect of applications (including Excess Applications) will be refunded (without interest) as soon as practicable, and in any event within ten Business Days of the Closing Date.

4.14 Allotment

The Offer Shares will be allotted and securities transaction statements will be issued and mailed as soon as practicable after the Closing Date. Allotment will be no later than five Business Days after the Closing Date.

You should ascertain your allocation under the Offer before trading in Offer Shares. You can do so by contacting the Registrar at the address set out in the Directory or the Organising NZX Participant or NZX Primary Market Participant or ASX Stockbroker through which you applied for Offer Shares. Shareholders who sell Shares prior to receiving a securities transaction statement do so at their own risk. None of Bathurst, the Organising NZX Participant and the Registrar, nor any of their respective directors, officers, employees or advisers accepts or shall have any liability or responsibility should any person attempt to sell or otherwise deal with Shares before a securities transaction statement showing the number of Offer Shares allotted to a Shareholder is received by that Shareholder.

4.15 Relationship between Offer Shares and existing Shares

Offer Shares issued on completion of the Offer will be of the same class as existing Shares previously issued by Bathurst and that are quoted on the NZX Main Board and ASX under the code BRL. As such, Offer Shares will, from the date of allotment, be fully paid and rank *pari passu* (equally) in all respects with other fully paid existing Shares.

Following allotment of the Offer Shares, each share, whether an Offer Share or an existing Share, will confer on the holder the rights described in Bathurst's constitution and as provided for in the Companies Act 1993, including the right to receive notices of, attend, and vote on a poll or any resolution at, a meeting of shareholders, and the right to an equal share in any dividends authorised by the Board and in any distribution of surplus assets of Bathurst to Shareholders. Applicants for Offer Shares will be bound by the constitution and the terms of the Offer set out in this booklet and the Entitlement and Acceptance Form.

4.16 Brokerage and fees

No brokerage or commission is payable by applicants who apply under the Offer. If you sell your Offer Shares you may be liable for brokerage fees.

5. ADDITIONAL INFORMATION

5.1 Dividend policy

Bathurst is preparing for the development of its Escarpment Project, pending a recovery in coal prices, in addition to the development of existing and new prospects at its Domestic Operations. Significant capital expenditure will be incurred in the development of these opportunities. Accordingly, Bathurst does not expect to declare any dividends over the medium term.

Any future determination as to the payment of dividends by Bathurst will depend on a number of factors after giving due consideration to future capital requirements, operating performance, financial position and cash flow expectations of Bathurst at the time.

Dividends when paid (if any) are expected to have attached to them any available imputation credits with Bathurst intending to pay offshore Shareholders a supplementary dividend under the New Zealand foreign investor tax credit regime. The Board reserves the right to amend the dividend policy at any time. However, there can be no assurance that any dividends will be paid or as to the level to which any dividends that are paid will be imputed.

6. GLOSSARY

The following definitions apply throughout this document unless the context requires otherwise:

"ARBN"	Australian Registered Body Number.
"ASIC"	the Australian Securities and Investments Commission.
"ASX"	ASX Limited, and, where the context requires, the financial market operated by ASX.
"ASX Listing Rules"	the listing rules of ASX.
"ASX Stockbroker"	those entities named as full service (advisory) brokers or non advisory brokers on the ASX website.
"Australian Privacy Act"	the Privacy Act 1988 (Cth).
"Bathurst"	Bathurst Resources Limited.
"Bathurst Group"	Bathurst and all of its subsidiaries.
"Board" or "Directors"	the board of directors of Bathurst.
"Buller Coal Project"	the Escarpment Project along with Bathurst's other development mines including Whareatea West, Coalbrookdale, Deep Creek and North Buller which are all located in the Buller region, near Westport, on the West Coast of New Zealand's South Island.
"Business Day"	any day on which registered banks are open for business in Auckland, Wellington, Sydney and Perth and on which the NZX Main Board and ASX are open for trading.
"Closing Date"	the date by which applications and renunciations for Offer Shares under the Offer should be received, being 7pm (NZ Time) on Thursday 3 July 2014 or such other date as Bathurst may specify.
"Corporations Act"	the Corporations Act 2001 (Cth).
"Directory"	the directory set out in section 8.
"Domestic Operations"	Bathurst's operations relating to its operating mines at Cascade and Takitimu (including Coaldale), the Canterbury Coal mine and the New Brighton Collieries and to permits and prospects at Ohai and Albury.
"Eligible Shareholder"	any person registered as a Shareholder at 7pm (NZ Time) on the Record Date and (i) whose address is shown in the Share Register as being in New Zealand or Australia; or (ii) to whom Bathurst, in its sole discretion, is satisfied that the Offer may lawfully be made under all applicable laws without the need for any registration, lodgement or other formality; and, in any event (iii) who is not in the United States of America and is not acting for the account or benefit of a person in the United States.
"Entitlement and Acceptance Form"	the form to be completed to exercise Entitlements.
"Entitlements"	the pro rata renounceable entitlements of each Eligible Shareholder to subscribe for 1 Offer Share in Bathurst for every 23 Shares held on the Record Date at a price of either NZ\$0.065 or A\$0.06 per Offer Share.

"Escarpment Project"	means the project for the mining of coal under Mining Permit 51279, including associated resource consents, access and transport arrangements, infrastructure and works and "Escarpment" means the area within such Permit.
"Export Operations"	Bathurst's operations relating to permits and prospects in the Buller Coal Project.
"Financial Markets Conduct Act"	the Financial Markets Conduct Act 2013 (NZ).
"Hard Coking Coal"	Coal which is suitable for making coke (which is used in the process of making steel).
"Ineligible Foreign Shareholder"	any person registered as a Shareholder at 7pm (NZ Time) on the Record Date who is not an Eligible Shareholder.
"Metallurgical Coal"	Metallurgical coal is a broader term comprising Hard Coking Coal, semi-soft coking coal and semi-hard coking coal.
"NZX Main Board Listing Rules"	the listing rules of the NZX Main Board.
"NZX"	NZX Limited.
"NZX Main Board "	the securities market of that name operated by NZX (being a registered market under the Securities Markets Act 1988).
"NZX Participant Rules"	means the NZX Participant Rules made by NZX from time to time.
"NZX Primary Market Participant"	has the meaning given in the NZX Participant Rules.
"Offer"	the pro-rata non-renounceable entitlement offer by Bathurst of Offer Shares described in this document.
"Offer Price"	the offer price payable per Offer Share described in this Offer Document.
"Offer Shares"	the new ordinary shares in Bathurst to be issued pursuant to the Offer described in this document.
" Organising NZX Participant "	Forsyth Barr Limited.
"Opening Date"	Friday 13 June 2014.
"Record Date"	Tuesday 10 June 2014.
"Registrar"	Computershare Investor Services Limited.
"Securities Act"	the Securities Act 1978 (NZ).
"Settlement and Allotment Date"	Wednesday 9 July 2014, or such other date as Bathurst may specify.
"Shareholder"	a holder of shares in Bathurst.
"Shares"	the fully paid ordinary shares in Bathurst quoted on NZX Main Board and ASX on issue immediately prior to the Opening Date.

7. APPLICATION INSTRUCTIONS AND APPLICATION FORM

If you are an Eligible Shareholder, and wish to accept all or part of your Entitlement under the Offer, then please follow the steps below.

COMPLETE FORMS

Complete and sign the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of that form. Where indicated, please state whether you wish to pay in New Zealand dollars (at NZ\$0.065 per Offer Share) or Australian dollars (at A\$0.06 per Offer Share).

If you wish to subscribe for a lesser number of Offer Shares than your Entitlement, you must indicate on the form the number of Offer Shares you wish to subscribe for.

If you are subscribing for your full Entitlement, you may also elect to apply for additional Offer Shares over and above your Entitlement by indicating the number of additional Offer Shares you wish to subscribe for.

MAKE OR ATTACH PAYMENT

Bathurst encourages you to make payment by internet banking/direct credit. If you wish to do so tick the appropriate box on the Entitlement and Acceptance Form and follow the instructions specified. If paying by this method, you must submit your payment instructions to your bank no later than 4pm (local time) on Tuesday 1 July 2014, being two business days before the Closing Date.

Alternatively, attach your cheque or bank draft, payable to "Bathurst Resources Limited" and crossed "Not Transferable".

Cheques must not be post-dated.

Please do not send cash.

No receipts for payment will be issued.

If you do not indicate the number of Offer Shares for which you wish to subscribe, or there is a discrepancy between the amount of the direct credit payment, cheque or bank draft and the number of Offer Shares indicated, Bathurst will treat you as subscribing for as many Offer Shares as your direct credit payment, cheque or bank draft will pay for.

Bathurst reserves the right to accept or reject any Entitlement and Acceptance Form which is not completed correctly, and to correct any errors or omissions on any Entitlement and Acceptance Form.

HOLDER NUMBERS

Many investors in securities listed on markets operated by NZX will have a CSN (Common Shareholder Number). If you are an Eligible Shareholder and a CSN is provided on your Entitlement and Acceptance Form, your Offer Shares will be allotted under that CSN.

Bathurst also participates in ASX's Clearing House Electronic Subregister System (CHES), in accordance with the ASX Settlement Operating Rules. CHES is an automated transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in a paperless form. If your Offer Shares are registered in CHES (rather than under a CSN) your Holder Identification Number (HIN) or (where applicable) the Shareholder Reference Number (SRN) for Company sponsored holders will be displayed on your personalised Entitlement and Acceptance Form.

RETURN FORMS

Return your completed Entitlement and Acceptance Form and your cheque or bank draft (if applicable) in the enclosed business reply envelope, as soon as possible, to:

Bathurst Entitlement Offer
C/- Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
New Zealand

or

Bathurst Entitlement Offer
C/- Computershare Investor Services Pty Limited
GPO Box 505
Melbourne
VIC 3001
Australia

Entitlement and Acceptance Forms, together with your cheque or bank draft (if applicable), may also be lodged with any NZX Primary Market Participant or ASX Stockbroker, or any other channel approved by NZX or ASX (as applicable) provided that applicants must deliver their forms in time to enable the Entitlement and Acceptance Form to be received by the Registrar before 7pm (NZ Time) on the Closing Date.

AS SOON AS POSSIBLE

Please lodge your Entitlement and Acceptance Form AS SOON AS POSSIBLE.

Applications received after the Closing Date will not be accepted unless Bathurst determines otherwise (in its discretion).

Although the Closing Date is Thursday 3 July 2014 (unless amended), Bathurst encourages Eligible Shareholders wishing to accept this Offer to do so promptly, to ensure your application is processed and your payment cleared. Bathurst also encourages you to make payment by internet banking/direct credit. If paying by this method, you must submit your payment instructions to your bank no later than 4pm (local time) on Tuesday 1 July 2014.

IMPORTANT INFORMATION

Applications cannot be revoked or withdrawn.

If payment is not successfully made by internet banking/direct credit or an applicant's cheque does not clear on presentation, any allocation to that applicant may be cancelled. Any notification of an applicant's allocation of Offer Shares is conditional on that applicant's cheque or payment clearing.

FURTHER INFORMATION

If you wish to contact the Offer information helpline, please call the Registrar (Computershare Investor Services Limited) on 0800 727 475 (within New Zealand) or 1800 041 651 (within Australia) should you have any questions about the Offer.

Computershare Investor Services Limited's office is open from 8.30am to 5pm Monday to Friday.

8. DIRECTORY

<p>Registered office of Bathurst in New Zealand</p> <p>Level 12, 1 Willeston Street, Wellington, 6011 , New Zealand</p> <p>Registered office of Bathurst in Australia</p> <p>14 Emerald Terrace West Perth Western Australia 6005 Australia</p>	<p>Directors of Bathurst</p> <p>Hamish John Lindsey BOHANNAN</p> <p>David John FROW</p> <p>Tokorangi Thomas KAPEA</p> <p>Robert John LORD</p> <p>Malcolm MACPHERSON</p>
<p>New Zealand address of registrar</p> <p>Computershare Investor Services Limited Level 2, 159 Hurstmere Road Takapuna, Auckland 0622, New Zealand Private Bag 92119 Victoria Street West Auckland 1142, New Zealand</p> <p>Investor enquiries: 0800 727 475</p>	<p>Solicitors for Bathurst</p> <p>Minter Ellison Rudd Watts Level 18 125 The Terrace Wellington 6011 New Zealand</p> <p>Minter Ellison Level 19, Aurora Place 88 Phillip Street Sydney 2000 Australia</p>
<p>Australian address of registrar</p> <p>Computershare Investor Services Pty Limited GPO Box 505 Melbourne, Victoria 3001 Australia</p> <p>Investor enquiries: 1800 041 651</p>	
<p>Organising NZX Participant</p> <p>Forsyth Barr Limited Level 9, Forsyth Barr House The Octagon Dunedin 9016</p> <p>Telephone: 0800 367 227</p>	