

**BATHURST RESOURCES  
LIMITED**

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**ASX Code: BRL**

**WEBSITE & EMAIL**

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**CHIEF EXECUTIVE OFFICER**

Richard Tacon

**DIRECTORS**

Toko Kapea – Non Exec Chairman  
Richard Tacon – Executive Director  
Peter Westerhuis – Non Exec  
Director  
Russell Middleton – Non Exec  
Director

**COMPANY SECRETARY**

Bill Lyne  
[blyne@bathurstresources.co.nz](mailto:blyne@bathurstresources.co.nz)

**ISSUED CAPITAL**

947,828,434 Ordinary Shares  
154,321 Performance Rights

**SUBSTANTIAL HOLDERS**

Republic Investment Management  
(8.83%)  
L1 Capital Pty Ltd (8.67%)  
Asian Dragon Acquisitions (6.05%)

**QUARTERLY ACTIVITIES REPORT**

**For the three months ended 30 June 2015**

**1. Highlights**

- **Operations cash positive for third consecutive quarter**
- **Revised corporate strategy to maintain profitability**
- **Board restructure to support strategic direction**
- **Sales 9000 tonnes ahead of forecast**

**2. Operating Summary**

Bathurst's operations completed another quarter without a lost time injury or a reportable environmental incident.

The board structure is now complete providing Bathurst with the relevant skills at a corporate level to support the company's objectives.

The company has embarked on a new strategic direction leveraging off a profitable domestic business. In line with this Bathurst has recorded its third consecutive operationally cash positive quarter and has recorded an increase in its cash balance as of 30 June 2015.

The main focus remains the implementation of companywide cost efficiencies whilst effecting specific measures to increase profitability at each of the operational sites.

The development of the export business remains a key objective. The Escarpment development pathway has been revised so that it reflects significantly lower capital and operating costs. When satisfied that the operation can establish a margin, Bathurst will press ahead.

### 3. Operations Report

#### 3.1 Health, Safety and Environment

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

Training is ongoing across Bathurst's operational staff to ensure that the company meets its obligations under the new health and safety mining regulations.

#### 3.2 Production

Production and sales exceeded forecast as demand returned to pre-drought levels for the dairy industry and full volumes were maintained through to the normal winter shut down period rather than tapering.

	Production (Raw coal tonnes)	Overburden (bcm's)
<b>Cascade</b>	7,222	88,373
<b>Escarpment</b>	8,713	60,244
<b>Takitimu</b>	68,388	215,620
<b>Canterbury Coal</b>	1,536	64,548
<b>Total</b>	85,859	428,785

#### 3.3 Buller Operations

Both Cascade and Escarpment sites were impacted by weather events during the quarter however production was able to meet forecast. The West Coast Regional Council and the Buller District Council undertook visits to both sites and indicated that they were compliant with their respective conditions.

Autumn rehabilitation planting was completed at Cascade in May with a total of 12,600 plants. The next planting is planned for late spring.

Site works continued at Escarpment which included the construction of underdrains, soil stripping for a waste dump extension and clearing of the Pit 4 area.

#### 3.4 Takitimu

Adverse weather affected operations at Takitimu however the employment of plant more suited to muddy conditions ensured that overburden removal targets were met. The downturn in coal demand during the dairy off season allowed for some plant shut down for maintenance and mining activities have concentrated on stripping to expose the next blocks of coal to expedite recovery when demand ramps up again.

### **3.5 Canterbury Mine**

Like all other sites in the South Island, the Canterbury mine lost a number of days due to bad weather. Site works have concentrated on roading, and the installation of culverts and drainage. The mine is gearing up to target production of 60,000 tonnes of coal in the coming year.

## **5. Exploration and permits**

Drilling and exploration during the quarter remains limited to that required to meet permit obligations. Work is ongoing to bring reserve and resource reporting in line with the new 2012 JORC guidelines.

During the quarter a review of permits was undertaken to consider the value of their resource potential in comparison with compliance costs. The result of this is that a number of permits considered not critical to the company's overall production strategy will be surrendered.

## **6. Corporate**

### **Delisting from the NZX**

In May, Bathurst announced its intention to delist from the New Zealand Stock Exchange ("NZX") as part of its strategy to reduce operating costs. The last day for trading of Bathurst shares on the NZX was 29 June.

Bathurst shares remain listed on the Australian Securities Exchange ("ASX") under the code BRL. New Zealand shareholders are still able to trade BRL shares through any New Zealand stockbroker who can facilitate trading through the ASX, or by dealing through an Australian stockbroker.

### **Board Restructure**

In April, three new directors were appointed to the company's board, strengthening its operational and financial capabilities. CEO Richard Tacon was appointed executive director and Russell Middleton and Peter Westerhuis were both appointed non-executive directors.

Richard Tacon was previously chief operating officer and has over 30 years' experience in underground and open cut coal mining operations.

Mr Westerhuis has more than 30 years' Australian and international resources experience; the last 6 years at CEO/MD level. He was managing director of Guildford Coal, developing a coking coal project in Mongolia, and CEO of the Ensham Resources joint venture, developer and operator of large open cut and underground reserves in Queensland. Mr Westerhuis is currently providing management consulting services to resource companies in Africa and South America.

Russell Middleton has over 25 years' experience in the mining, construction and services sectors spanning all facets of the mining project life cycle. He has worked for various sized organisations with experience that crosses over from an asset owner perspective to mining contracting in service and construction.

Malcolm Macpherson retired as chairman in May, replaced by Toko Kapea who was previously a non-executive director. The board and management would like to thank Malcolm for his contribution to the company from the time of his appointment as a non-executive director in 2010.

## **7. Strategic Review**

With the introduction of a new board Bathurst has embarked on a review of its strategic intent and the objectives the company will strive to achieve. The key outcomes of the review are a series of actions centered on lowering costs, increasing operational efficiencies and increasing domestic margins. This will be further developed over the coming weeks focusing primarily on improving the overall performance of the company.

## **7. Cashflow and outlook**

The operations were again cash positive for the quarter which is a reflection of the steps the company has taken to improve operational efficiencies and reduce costs throughout the business.

This current quarter will see reduced sales due to the normal seasonal shut down in the dairy industry and its corresponding reduction in energy needs.

Significant inroads have been made in reducing overheads and this drive is continuing with rationalisation of functions and review of all expenditure to ensure a match with the company's key objectives.

## **8. Export Operations**

### **The Buller Project**

Bathurst is developing an export coking coal operation from its permits in the Buller coalfield near Westport. Escarpment is operating and mining small quantities of coal as part of the initial site construction works. This is currently supplementing the domestic market supply until the area is fully developed. The main objective at this time is to plan the mine with a low operating cost and explore routes to markets that are low cost in terms of capital and operation. The intent is to design the operations to ensure a margin in today's market conditions. Once this is achieved exporting will commence.

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.

Escarpment will be targeting an initial output of 500,000 tonnes of coking coal per annum for international steel markets. The coming months will see the mine developed to a stage where it can quickly move into steady state production to meet potential export demand. Over the life of the block, total annual production is expected to increase to around 750,000 tonnes.

## About Bathurst Resources Limited

Bathurst is an ASX listed resources company. Its operations are in the South Island of New Zealand where it is established as a leading coal producer, providing energy for local industrial users and, ultimately, positioning to become an exporter of high quality metallurgical coal for steel production in Japan, India and Asia.

Whilst listed on the ASX, Bathurst is a New Zealand registered company, employing over 100 staff across its operations in the South Island. The company's head office is in Wellington. Bathurst has no operations outside New Zealand.

### Domestic operations

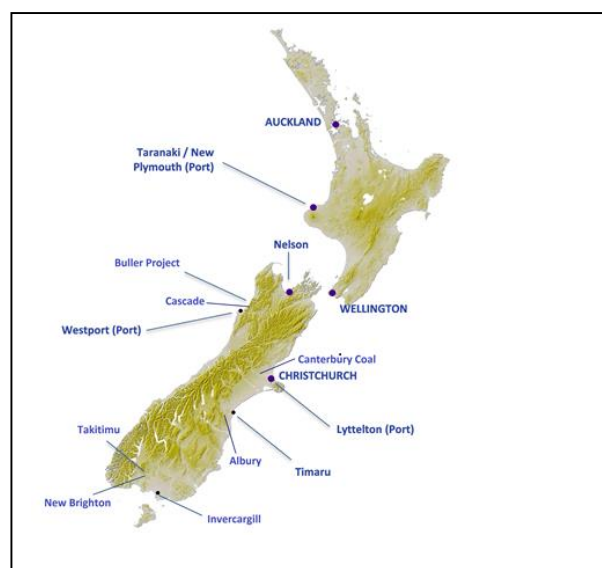
Bathurst currently has three operating mines – Cascade/Escarpment at Buller, Takitimu in Southland, and the Canterbury mine, west of Christchurch. Cascade and Escarpment produce bituminous (coking) coal which is currently primarily sold as feedstock for the local cement industry. Takitimu and Canterbury produce sub-bituminous (thermal) coal to supply cost effective energy to the agri-sector in the South Island where other options for power and energy infrastructure are either not available or not commercially viable.

The company holds exploration permits at Ohai and New Brighton in Southland, and at Albury, near Timaru. The Southland permits are adjacent to the Takitimu mine and will be the next blocks to be developed as an extension of the current mining operations.

Bathurst also operates a coal handling and distribution centre in Timaru where it stockpiles and blends coal from its South Island operations for distribution to local industrial customers.

The domestic sales of approximately 400,000 tonnes per annum provide a sound revenue stream to underpin the company's operations.

The key focus is to drive lower costs from the business and to increase the productivity rates. Bathurst is exploring all opportunities to increase market share.



## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Bathurst Resources Limited

ABN

164 306 905

Quarter ended ("current quarter")

30 June 2015

This appendix has been presented in New Zealand Dollars which is the presentation and functional currency of Bathurst Resources Limited. The AUD:NZD rate at 30 June 2015 was 1.1294.

#### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$NZD'000	Year to date (12 months) \$NZD'000
1.1	Receipts from product sales and related debtors	13,438	50,661
1.2	Payments for (a) exploration & evaluation	(39)	(344)
	(b) development	(1,058)	(3,787)
	(c) production	(9,628)	(41,511)
	(d) administration	(1,281)	(6,020)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	72	149
1.5	Interest and other costs of finance paid	(171)	(900)
1.6	Income taxes (paid)/received	267	512
1.7	Other (provide details if material)	(6)	16
<b>Net Operating Cash Flows</b>		<b>1,594</b>	<b>(1,224)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	(460)	(1,398)
	(b) equity investments	(273)	(273)
	(c) other fixed assets	(93)	(1,247)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	46	3,121
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
<b>Net investing cash flows</b>		<b>(780)</b>	<b>203</b>
1.13	Total operating and investing cash flows (carried forward)	<b>814</b>	<b>(1,021)</b>

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	814	(1,021)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	47
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(474)	(2,615)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	(1)	(36)
	<b>Net financing cash flows</b>	(475)	(2,604)
	<b>Net increase (decrease) in cash held</b>	339	(3,625)
1.20	Cash at beginning of quarter/year to date	4,891	8,855
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	5,230	5,230

### Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$NZD'000
1.23 Aggregate amount of payments to the parties included in item 1.2	60
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors fees

### 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

n/a

+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

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- 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

n/a

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$NZD'000	Amount used \$NZD'000
3.1 Loan facilities	3,145	3,145
3.2 Credit standby arrangements	910	nil

### Estimated cash outflows for next quarter

	\$NZD'000
4.1 Exploration and evaluation	447
4.2 Development	458
4.3 Production	7,259
4.4 Administration	1,047
<b>Total</b>	<b>9,211</b>

### 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 \$NZD'000	Previous quarter \$NZD'000
5.1 Cash on hand and at bank	2,460	2,127
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Restricted deposits	2,770	2,764
<b>Total: cash at end of quarter (item 1.22)</b>	<b>5,230</b>	<b>4,891</b>

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+ See chapter 19 for defined terms.



## Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	No change		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	No change		

## 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	<b>Preference securities</b> (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	947,828,434	947,828,434	n/a
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	nil	nil	
7.5	<b>+Convertible debt securities</b> (description)			

+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

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7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Performance rights</b> <i>(description and conversion factor)</i>	154,321	-	n/a	n/a
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	363,755			
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

## 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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Company Secretary)

Date: .29 July 2015

Print name: Bill Lyne

## ***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>
51-078	EP Coal Creek	100%
51-212	EP Moody Creek	100%
51-258	EP Greymouth	100%
51-260	EP Ohau Southland	100%
51-279	MP Escarpment	100%
52-147	EP Greymouth	100%
52-484	PP Canterbury Albury	100%
52-713	EP West Coast	100%
53-614	MP Coaldale	100%
53-756	EP Mokihiui	100%
54-031	EP West Coast	100%
54-389	EP Waikato	100%
54-505	EP West Coast	100%
54-512	EP Flat Creek Tasman	100%
54-590	EP Inangahua	100%
54-658	EP North Reefton	100%
54-846	EP Albury	100%
54-896	PP Buller	100%
54-933	EP Home Hills Otago	100%
54-935	PP Waitaki Otago	100%
55-199	EP Waikato	100%
40-591	EP West Coast	100%
40-625	EP Southland	100%
40-628	EP West Coast	100%
41-274	MP Cascade Creek	100%
41-332	MP Cascade Creek	100%
41-372	MP Canterbury	100%
41-455	MP Cascade Creek	100%
41-456	MP Cascade Creek	100%