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13 March 2015

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**INTERIM REPORT FOR THE HALF YEAR ENDED
31 DECEMBER 2014**

Please find enclosed the Interim Report for the half year ended 31 December 2014 for Bathurst Resources Limited (NZX/ASX: BRL)

On behalf of Bathurst Resources Limited

A handwritten signature in black ink, appearing to read 'Malcolm Macpherson'.

Malcolm Macpherson
Chairman

Bathurst Resources Limited	
Results for announcement to the market	
Basis of Report	Review
Reporting Period	6 months ended 31 December 2014
Previous Reporting Period	6 months ended 31 December 2013

	Amount	Percentage change
Sales Revenue And Other Income (\$'000)	26,477	(3%)
Loss For The Year After Tax (\$'000)	(7,179)	(186%)
Basic And Diluted Earnings Per Share (Cents)	(0.01)	(101%)
Net Tangible Assets Per Share (Cents)	2.90	(89%)

Interim / Final Dividend	Amount per Security	Imputed Amount per Security
No interim dividends are proposed in respect of the period ended 31 December 2014.		

Record Date	N/A
Dividend Payment Date	N/A

Comments:	This announcement should be read in conjunction with the attached financial statements for the 6 months ended 31 December 2014
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BATHURST RESOURCES LIMITED

Interim Report for the 6 months ended 31 December 2014

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These condensed interim financial statements for the six months ended 31 December 2014 have been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2014, which have been prepared in accordance with IFRSs.

Directors' report

Your directors present their report on the consolidated entity consisting of Bathurst Resources Limited ("Bathurst") and the entities it controlled at the end of, or during, the 6 months ended 31 December 2014.

Directors

The following persons were directors of Bathurst Resources Limited at any time during the period and up to the date of this report:

Malcolm Macpherson	Non-Executive Chairman (replacing Dave Frow as Chairman)
Hamish Bohannon	Managing Director
Toko Kapea	Non-Executive Director
Dave Frow	Non-Executive Chairman (resigned November 2014)
Rob Lord	Non-Executive Director (resigned November 2014)

Operating and financial review

The company made a net loss before tax for the 6 months ended 31 December 2014 of \$7.1m (6 months ended 31 December 2013: \$8.4m profit). The net loss before tax comprised of the following key items:

	\$'000
Revenue	26,477
Less: cost of sales	(22,967)
Gross profit	<u>3,510</u>
Other income	172
Other expenses	(10,093)
Fair value gain of deferred consideration	339
Impairment losses	(224)
Share of joint venture loss	(19)
Finance costs - net	<u>(864)</u>
Net loss before income tax	<u>(7,179)</u>

Cost of sales for the period includes amortisation charges totalling \$3.8m. Other expenses for the period includes depreciation of \$3.1m.

The cash outflow for the company for the 6 months ended 31 December 2014 was \$2.6m (2013: \$3.4m outflow) which included an operational cash outflow of \$2.2m.

Whilst the 6 month period has an operational cash outflow, the second quarter of the year was operationally cash positive. This follows an efficiency review completed in 2014 which resulted in reduced cost throughout the business.

The company had \$5.9m in cash and short term restricted deposits at 31 December 2014.

No dividends were paid in the six months to 31 December 2014.

Operating and financial review (continued)

Net tangible assets per security as at 31 December 2014 was 2.9 cents (31 December 2013: 27.2 cents)

The table below shows the production and sales information for the 6 months ended 31 December 2014:

Operation (Mine)	Coal Mined (t)	Overburden (bcm's)	Coal Sales (t)
Total	208,534	1,278,762	181,811

Buller Operations***Cascade***

Coal winning at Cascade was concentrated in the Cut 4 area mining a thick section of coal under light cover. The amount of overburden to be removed to expose coal has now decreased significantly with a resultant reduction in the cost of mining. Rehabilitation is ongoing in mined out areas. Shaping of final batters in preparation for planting was undertaken in the Waterfall area to the north west of current mining operations.

Escarpment Development

Work at Escarpment commenced on 1 July and has focused on the installation of water treatment systems, haul roads and dump areas. Some coal has been recovered from construction operations and was blended with Cascade coal for domestic sales.

The ramp up to full commercial production at Escarpment will be deferred until the international coking coal market recovers.

Southern Operations***Takitimu***

Following the internal review of operations at Takitimu, the company took over the mining contract and all site staff transferred to Bathurst. This has resulted in a lower cost of production.

Mining has continued to plan giving in pit inventory of approx. 40,000 tonnes of coal under light cover.

Rehabilitation is well advanced in the mined out Takitimu pit areas in readiness for pasture planting this coming season.

Canterbury mine

Operations are scheduled to recommence in March 2015.

The mining fleet is being mobilised and a coal stockpile area prepared.

Operating and financial review (continued)

Capital Raising

Further to the AUD\$7.4 million placement in April 2014, a non-renounceable rights issue was announced to enable all shareholders to have the opportunity to purchase shares at the placement price. The rights issue closed in early July 2015 with the allotment of 2,146,913 ordinary shares, raising NZ\$0.1m before expenses.

Rounding of amounts

All financial information has been rounded to the nearest thousand unless otherwise stated.

This report is made in accordance with a resolution of directors.



Malcolm Macpherson
Chairman



Toko Kapea
Director

Wellington
13 March 2015

Bathurst Resources Limited
Consolidated income statement
For the 6 months ended 31 December 2014

		6 months ended 31 December 2014 \$'000	6 months ended 31 December 2013 \$'000
	Notes		
Revenue	4	26,477	27,290
Less cost of sales		(22,967)	(24,207)
Gross profit		3,510	3,083
Other income		172	110
Other expenses		(10,093)	(4,307)
Fair value adjustment - deferred consideration		339	4,965
Impairment losses		(224)	(16)
Share of joint venture loss		(19)	39
Finance (cost)/income net	5	(864)	4,496
(Loss)/Profit before income tax		(7,179)	8,370
Income tax		-	142
(Loss)/Profit for the half-year		(7,179)	8,512
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share		(0.01)	1.09
Diluted earnings per share		(0.01)	1.02

The above consolidated income statement should be read in conjunction with the accompanying notes.

Bathurst Resources Limited
Consolidated statement of comprehensive income
For the 6 months ended 31 December 2014

	6 months ended 31 December 2014 \$'000	6 months ended 31 December 2013 \$'000
(Loss)/Profit for the half-year	(7,179)	8,512
Other comprehensive expense		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	41	(162)
Total comprehensive (expense)/income for the half-year	(7,138)	8,350
 Total comprehensive income for the half-year attributable to the Owners of Bathurst Resources Limited	 (7,138)	 8,350

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.



Bathurst Resources Limited

Consolidated balance sheet

As at 31 December 2014

		At as 31 December 2014 \$'000	As at 30 June 2014 \$'000
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents		2,937	5,565
Short term deposits		3,001	3,290
Trade and other receivables	8	6,293	4,343
Inventories		1,349	1,283
Income tax receivable		140	97
Other financial assets		-	132
Total current assets		13,720	14,170
Non-current assets			
Property, plant and equipment	6	16,690	23,386
Mining licences, properties, exploration and evaluation assets	7	12,814	16,166
Other non-current assets		8,095	7,562
Total non-current assets		37,599	47,114
Total assets		51,319	61,824
LIABILITIES			
Current liabilities			
Trade and other payables		8,084	7,964
Borrowings		4,765	7,340
Deferred consideration	9	1,477	917
Provisions		197	259
Income tax payable		-	-
Total current liabilities		14,523	16,480
Non-current liabilities			
Deferred consideration	9	1,453	1,974
Provisions		2,220	2,870
Borrowings		5,781	6,241
Total non-current liabilities		9,454	11,085
Total liabilities		23,977	27,565
Net assets		27,342	34,259
EQUITY			
Contributed equity	10	247,378	247,338
Reserves		(31,676)	(31,725)
Retained earnings / (Accumulated losses)		(188,360)	(181,354)
Total equity		27,342	34,259

The above consolidated balance sheet should be read in conjunction with the accompanying notes.



Bathurst Resources Limited
Consolidated statement of changes in equity
For the 6 months ended 31 December 2014

		Contributed Equity \$'000	Option Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings / (Accumulated Losses) \$'000	Re- Organisation Reserve \$'000	Total Equity \$'000
Consolidated	Notes						
Balance at 1 July 2013		219,623	13,942	-	(301)	(32,760)	200,504
Total comprehensive income for the half-year		-	-	(162)	8,512	-	8,350
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	10	16,909	-	-	-	-	16,909
Change in estimate of options		-	(3,220)	-	-	-	(3,220)
Exercise of options		3,555	(1,961)	-	-	-	1,594
Lapsing of options		-	(7,850)	-	7,850	-	-
		20,464	(13,031)	-	7,850	-	15,283
Balance at 31 December 2013		240,087	911	(162)	16,061	(32,760)	224,137
Balance at 1 July 2014		247,338	1,233	(198)	(181,354)	(32,760)	34,259
Total comprehensive expense for the half-year		-	-	41	(7,179)	-	(7,138)
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	10	40	-	-	-	-	40
Share based payments expense		-	181	-	-	-	181
Lapsing of options		-	(173)	-	173	-	-
		40	8	-	173	-	221
Balance at 31 December 2014		247,378	1,241	(157)	(188,360)	(32,760)	27,342

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Bathurst Resources Limited
Consolidated statement of cash flows
For the 6 months ended 31 December 2014

	6 months ended 31 December 2014 \$'000	6 months ended 31 December 2013 \$'000
Cash flows from operating activities		
Receipts from customers	23,643	24,163
Payments to suppliers and employees	(25,472)	(23,458)
Interest received	51	211
Interest and other finance costs paid	(409)	(180)
Income taxes paid	(4)	(2)
Net cash (outflow)/inflow from operating activities	(2,191)	734
Cash flows from investing activities		
Payments for exploration & consenting expenditure	(282)	(2,756)
Payments for elevated stripping activity	(557)	(14,130)
Payments for property, plant and equipment	(844)	(2,483)
Payments for mining permits	(563)	-
Proceeds from the sale of property, plant, and equipment	3,580	13
Decrease in restricted security deposits	289	-
Deposits paid	-	(2,563)
Other	16	-
Net cash inflow/(outflow) from investing activities	1,639	(21,919)
Cash flows from financing activities		
Proceeds from the issue of shares	140	19,640
Proceeds from borrowings	-	3
Repayment of borrowings	(2,102)	(450)
Payments for share issue costs	(100)	(1,363)
Net cash (outflow)/inflow from financing activities	(2,062)	17,830
Net decrease in cash and cash equivalents	(2,614)	(3,355)
Cash and cash equivalents at the beginning of the half-year	5,565	12,526
Effects of exchange rate changes on cash and cash equivalents	(14)	370
Cash and cash equivalents at the end of the half-year	2,937	9,541

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.



Note 1 Basis of preparation of the half-year report

Bathurst Resources Limited ("Company") is registered under the Companies Act 1993.

The interim financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with NZ IAS 34 Interim Financial Reporting, and IAS 34 Interim Financial Reporting, and consequently do not include all the information required for full financial statements. These condensed Group interim financial statements should be read in conjunction with the annual report for the year ended 30 June 2014.

The interim financial statements of the Group have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Financial Markets Conduct Act 2013 and the New Zealand Stock Exchange (NZX). Bathurst Resources Limited is registered under the Companies Act 1993 and is an FMC Reporting Entity under the Financial Markets Conduct Act 2013.

The accounting policies adopted are consistent with those of the previous financial year.

Note 2 Going concern

In the 6 months to 31 December, the Group has produced a loss of \$7.1 million and net cash outflow from operating activities of \$2.2 million. The Group has a positive net asset position of \$27.3 million and current liabilities exceed current assets by \$0.8 million. The Directors have continued to adopt the going concern assumption in the preparation of the financial statements. In adopting the going concern assumption the Directors have assessed all available information, and considered the risks and uncertainties with respect to budgeted forward looking information. The adoption is supported by existing cash on hand, facilities available, and budgeted trading activity for the 2015 financial year.

The Directors have considered potential uncertainties and risk mitigations in respect of the 2015 budget and these are summarised below;

- geo-technical issues at one of the mining operations - mitigated through continued geo-technical reviews and best practice mine planning; further mitigation achieved by opening Escarpment mine to provide a back-up for Cascade mine.
- sales into the domestic market are less than budget – this is mitigated by having over 80% of the current revenue contracted beyond the 2015 financial year and a flexible cost base.
- events outside managements control, such as the associated cost of Health and Safety regulations - an allowance has been provided for in the 2015 budget.
- Working capital facilities remain in place – ongoing communication is held with lenders to provide some certainty around working capital facilities.
- Committed capital payments - Directors are considering all available options including additional capital funding or the re-negotiation of payment terms, if required.

Whilst these factors are uncertain the Directors believe, based on the information available at the date of these financial statements that the budget provides a reasonable basis for continuing to adopt the going concern assumption.

It should be noted that a major commercial domestic sales contract expires in 2016. This contract currently provides Bathurst the ability to produce coal for sales in the domestic market at a profit, whilst international coal prices recover from the relatively low price being experienced at the current time.

Note 3 Segment information

(a) Descriptions of segments

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions.

The board reviews the business from both a mine and geographic perspective and has identified two reportable segments. The Buller Coal segment relates to the mining, development and ultimate exploitation of permits under the Buller Coal management team in the Buller region of New Zealand. The Eastern Coal segment refers to the Takitimu mine and Timaru coal handling and distribution centre under the Eastern management team. The financial performance of these segments is monitored and operated separately from each other as operating cost centres.

All other operations of the Group are classified as Corporate which encompasses the administration and treasury management of the Group.

During the period, the company undertook a rationalisation of the corporate structure and a number of group entities were amalgamated into a single legal entity to achieve operational efficiencies. Whilst this has not impacted the determination of operating segments within the business, there has been a change in the nature of information provided to the chief operating decision makers.

Revenue is no longer presented on a segmented basis, instead it is presented as a sales function across the Group. Total revenue for the six months ended 31 December 2014 totalled \$26.5m (2013: \$27.3m).

In addition, total assets and total liabilities are reported on a group basis and are not provided internally on a segmented basis. Total assets and liabilities as at 31 December 2014 total \$51.3m (30 June 2014: \$61.8m) and \$24.0m (30 June 2014: \$27.6m) respectively.

(b) Segment information

6 months ended 31 December 2014	Buller Coal \$'000	Eastern Coal \$'000	Corporate \$'000	Total \$'000
Loss before tax	(1,590)	(398)	(5,191)	(7,179)
Loss before tax includes:				
Depreciation and amortisation	837	5,958	40	6,835
Profit/(loss) before tax for the 6 months ended 31 December 2013	8,436	3,231	(3,297)	8,370

Bathurst Resources Limited

Notes to the financial statements

31 December 2014

Note 4 Revenue

	6 months ended 31 December 2014 \$'000	6 months ended 31 December 2013 \$'000
Sales revenue		
Coal sales	18,667	20,474
Freight	7,810	6,816
Total sales revenue	26,477	27,290
 Other Income	 172	 110
Total revenue from operations	26,649	27,400

Note 5 Finance (costs)/income

	Note	6 months ended 31 December 2014 \$'000	6 months ended 31 December 2013 \$'000
Finance income			
Interest income		140	275
Finance costs			
Interest expense		(517)	(177)
Provisions: unwinding of discount		(85)	(84)
Deferred consideration: unwinding of discount	9	(102)	(4,643)
Total finance costs		(704)	(4,904)
Foreign exchange gain/(loss)			
Foreign exchange gain/(loss) on deferred consideration	9	(277)	9,400
Realised exchange gain/(loss)		(23)	(275)
Total foreign exchange gain/(loss)		(300)	9,125
Finance (costs)/income - net		(864)	4,496

Note 6 Property, plant, & equipment

	Freehold Land	Buildings	Mine Infrastructure	Plant & Machinery	Plant & Machinery under finance lease	Furniture, fittings and equipment	Work in Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 June 2014								
Cost or fair value	22,528	6,478	3,561	14,330	2,060	508	11,435	60,900
Accumulated depreciation	(10,553)	(5,660)	(931)	(7,377)	(1,424)	(231)	(11,338)	(37,514)
Closing net book amount	11,975	818	2,630	6,953	636	277	97	23,386
Half-year ended 31 December 2014								
Opening net book amount	11,975	818	2,630	6,953	636	277	97	23,386
Additions	-	-	-	-	-	-	844	844
Disposals	(4,465)	-	-	-	-	-	-	(4,465)
Depreciation charge	(2,509)	(34)	(22)	(412)	(79)	(19)	-	(3,075)
Closing net book amount	5,001	784	2,608	6,541	557	258	941	16,690
At 31 December 2014								
Cost	18,063	6,478	3,561	14,330	2,060	508	12,248	57,248
Accumulated depreciation	(13,062)	(5,694)	(953)	(7,789)	(1,503)	(250)	(11,307)	(40,558)
Net book amount	5,001	784	2,608	6,541	557	258	941	16,690

Note 7 Mining licences, properties, exploration and evaluation assets

	Exploration & Evaluation Expenditure \$'000	Mining Licences & Properties \$'000	Total \$'000
Opening net book amount At 30 June 2014	589	15,577	16,166
Additions	282	678	960
Amortisation	-	(3,759)	(3,759)
Abandonment provision movement	-	(553)	(553)
Closing net book amount	871	11,943	12,814

Note 8 Trade and other receivables

	31 December 2014 \$'000	30 June 2014 \$'000
Trade receivables	5,041	2,816
Provision for impairment of receivables	(535)	-
Trade receivables	4,506	2,816
Interest receivable	401	356
Prepayments	352	78
Other receivables	625	-
Loans to key management personnel – current ⁽¹⁾	120	510
Receivables due from key management personnel ⁽²⁾	583	583
Provision for impairment of loans and receivables due from key management personnel	(294)	-
Total trade and other receivables	6,293	4,343

⁽¹⁾ Financial assets non-current includes the non-current portion of this loan totalling \$0.4m. The loan to Mr Bohannan is an unsecured loan repayable at \$10,000 per month with the balance repayable on 31 March 2017. Interest is payable on the loan at the IRD prescribed interest rate.

⁽²⁾ Receivables due from key management personnel represents a receivable from Mr Bohannan relating to the exercise of 5,000,000 options in October 2013.

Note 9 Deferred consideration

	31 December 2014 \$'000	30 June 2014 \$'000
Current		
Acquisition of subsidiary deferred consideration	1,477	917
Non-current		
Acquisition of subsidiary deferred consideration	1,453	1,974
Total deferred consideration	2,930	2,891
Movements		Deferred consideration \$'000
Closing balance as at 30 June 2014		2,891
Unwinding of discount (note 5)		102
Foreign exchange (gain) / loss (note 5)		277
Fair value adjustments to deferred consideration		(340)
Closing balance as at 31 December 2014		2,930

Note 9 Deferred consideration (continued)**(a) Details on deferred consideration – Buller Coal Project***Unwinding of discount*

The unwinding of discount adjustment relates to the fair value impact on the deferred consideration calculation of the time value of money.

Deferred consideration

The acquisition of Buller Coal Limited (formerly L&M Coal Limited) in November 2010 contained two components of deferred consideration, cash and royalties.

Deferred cash consideration

The deferred cash consideration is made up of two payments of US\$40,000,000, the first being payable upon 25,000 tonnes of coal being shipped from the Buller Coal Project and the second payable upon 1 million tonnes of coal being shipped from the Buller Coal Project.

The potential undiscounted amount of all future cash payments that the Group could be required to make under these arrangements is between US\$nil and US\$80,000,000. The deferred cash consideration is valued at each reporting date based on expected timing of the cash payment and an appropriate discount rate. In accordance with International Financial Reporting Standards the revaluations are recognised in the income statement.

Bathurst has the option to defer the cash payment of the performance payments. If the performance payments are deferred by Bathurst a higher royalty rate is payable by Bathurst on coal sold from the respective permit areas, until such time the performance payments are made. The option to pay a higher royalty rate has been assumed.

Royalties

As part of the consideration Bathurst was party to a royalty agreement with L&M Coal Holdings Limited. The amounts that are payable in the future under this royalty agreement are required, under the International Financial Reporting Standards, to be recognised as part of the consideration paid for Buller Coal Limited.

The fair value of the future royalty payments is estimated using an appropriate discount rate, production profile, and forecasted US dollar coal prices (estimated using forecasts from leading investment banks). In accordance with International Financial Reporting Standards the revaluations are recognised in the income statement.

Foreign exchange

Both elements of the deferred consideration are denominated in US dollars and as such are exposed to movements in foreign exchange rates (notably New Zealand dollar / US dollar rates) with the

Note 9 Deferred consideration (continued)

effect of changes in the foreign exchange rates being recognised in the income statement in the period the change occurs.

The deferred consideration only becomes payable upon achievement of production targets and as such is considered to be naturally hedged against US dollar sales receipts expected at the time the deferred consideration falls due.

Payment timing

The construction coal being planned will trigger the performance payments and royalties are expected to be paid within the next 12 months, as such a component of deferred consideration is classified as current at 31 December 2014.

(b) Security

Pursuant to a deed of guarantee and security the two performance payments of US\$40 million included in the deferred consideration above are secured by way of a first-ranking security interest in all of Buller's present and future assets (and present and future rights, title and interest in any assets). In addition to this, Buller Coal Limited has guaranteed the payment of all amounts under the Sale and Purchase Agreement with L&M Coal Holdings Limited.

The performance payments are due on the production targets discussed above; until these production targets are met no amounts are due or payable under the Sale and Purchase Agreement with L&M Coal Holdings Limited.

(c) Details on deferred consideration – Canterbury Coal Limited

The acquisition of Canterbury Coal Limited in November 2013 contained a royalty agreement. The amounts that are payable in the future under this royalty agreement are required, to be recognised as part of the consideration paid for Canterbury Coal Limited. The fair value of the future royalty payments is estimated using a discount rate based upon the latest New Zealand 10 year government bond rate, production profile, and forecasted domestic coal prices. Sensitivities over inputs are not material.

Deferred consideration liability has been categorised as level 3 under the fair value hierarchy.

Note 10 Equity securities issued

	Number of shares	Issue price	Share capital \$'000
Closing balance as at 30 June 2014	<u>944,931,961</u>		<u>247,338</u>
Half-year ended 31 December 2014			
Opening balance	944,931,961		247,338
Allotment of rights issue	2,146,913	\$0.065	139
Conversion of performance rights	749,560	-	-
	<u>947,828,434</u>		<u>247,477</u>
Less costs of capital raising			(99)
Closing balance as at 31 December 2014			<u>247,378</u>

	Number of shares	Issue price	Share capital \$'000
Closing balance as at 30 June 2013	<u>699,247,997</u>		<u>219,623</u>
Half-year ended 31 December 2013			
Opening balance	699,247,997		219,623
Share issue	104,887,100	\$0.18	18,879
Exercise of options – exercise price	13,000,000	\$0.123	1,594
Exercise of options – reclassification from option reserve			1,961
Allotment of share purchase plan	4,322,628	\$0.176	760
	<u>821,457,725</u>		<u>242,817</u>
Less costs of capital raising			(2,730)
Closing balance as at 31 December 2013			<u>240,087</u>

Note 11 Events occurring after the reporting period

On 9 March 2015, the company completed its acquisition of New Brighton Collieries Limited which was originally announced on 28 March 2013. An amendment to the agreement for sale and purchase has resulted in the final lump sum amounts due under the contract being amended to an ongoing payment per tonne of coal sold. All conditions have been satisfied and the sale completed on 9 March 2015.

There are no other material events that occurred subsequent to the reporting date, that require recognition of, or additional disclosure in these financial statements.



Independent Review Report to the shareholders of Bathurst Resources Limited

Report on the Interim Financial Statements

We have reviewed the accompanying financial statements of Bathurst Resources Limited (“the Company”), and the entities it controlled, together the Group, at 31 December 2014, which comprise the balance sheet as at 31 December 2014, the income statement, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the period ended on that date, and a summary of significant accounting policies and selected explanatory notes.

Directors’ Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and presentation of these financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (‘NZ IAS 34’) and for such internal controls as the Directors determine are necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with the NZ IAS 34. As the auditors of the Company, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on these financial statements.

Other than in our capacity as auditors we have no relationship with, or interests in the Group.



Independent Review Report

Bathurst Resources Limited

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements of the Group are not prepared, in all material respects, in accordance with NZ IAS 34.

Emphasis of matter

Without modifying our conclusion, we draw attention to note 2 in the financial statements which states that the ability of Group to fund its future expenditure is dependent on obtaining further capital or generating cash flows from existing operations or the re-negotiation of committed capital payment terms. This indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a Going Concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Restriction on Use of Our Report

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

PricewaterhouseCoopers

Chartered Accountants
13 March 2015

Wellington