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Level 4, 20 Bridge Street
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NSW 2000

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

Please find enclosed the Preliminary 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', written over a large, light grey circular graphic element.

Malcolm Macpherson
Chairman

Preliminary half year 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.

Operating and financial review

The company made a net loss before tax for the 6 months ended 31 December 2014 of \$6.9m (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	<u>(22,967)</u>
Gross profit	3,510
Other income	172
Other expenses	<u>(9,799)</u>
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>(6,885)</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.

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.

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.

Bathurst Resources Limited**Consolidated balance sheet**

As at 31 December 2014

	At as 31 December 2014 \$'000	As at 30 June 2014 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	2,937	5,565
Short term deposits	3,001	3,290
Trade and other receivables	6,587	4,343
Inventories	1,349	1,283
Income tax receivable	140	97
Other financial assets	-	132
Total current assets	14,014	14,170
Non-current assets		
Property, plant and equipment	16,690	23,386
Mining licences, properties, exploration and evaluation assets	12,814	16,166
Other non-current assets	8,095	7,562
Total non-current assets	37,599	47,114
Total assets	51,613	61,824
LIABILITIES		
Current liabilities		
Trade and other payables	8,084	7,964
Borrowings	4,765	7,340
Deferred consideration	1,477	917
Provisions	197	259
Income tax payable	-	-
Total current liabilities	14,523	16,480
Non-current liabilities		
Deferred consideration	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	27,636	34,259
EQUITY		
Contributed equity	247,378	247,338
Reserves	(31,676)	(31,725)
Retained earnings / (Accumulated losses)	(188,066)	(181,354)
Total equity	27,636	34,259

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

ENDS