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30 October 2008

Centralised Company Announcements Platform
Australian Stock Exchange
10th floor, 20 Bond Street
Sydney NSW 2000

QUARTERLY ACTIVITIES AND CASHFLOW REPORT 30 SEPTEMBER 2008

Please find attached the Quarterly Activities and Appendix 5B Quarterly cashflow reports for the quarter ended September 30, 2008.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Hamish Bohannan'. The signature is written in a cursive, flowing style.

Hamish Bohannan
Managing Director



QUARTERLY ACTIVITIES REPORT FOR THREE MONTHS ENDED 30 SEPTEMBER 2008

Highlights

- ❖ Acquisition of 100% of C&R Holding of Eastern Kentucky LLC finalised.
- ❖ Appointment of Hamish Bohannan and Billy Shelton as Directors.
- ❖ Maiden JORC Code compliant resource and reserve estimates completed.
- ❖ Private placement of \$1.08m.
- ❖ Mining capacity improved since acquisition.

ASX Release

30 October 2008

BATHURST RESOURCES LTD

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Directors/Officers:

John Hannaford – Non-executive Chairman
Hamish Bohannan – Managing Director
Richard Monti – Executive Director
Frank Ashe – Non-executive Director
Billy Shelton – Executive Director

Joshua Ward – Company Secretary

Issued Capital:

57,683,334 Ordinary Shares
6,966,667 Listed Options
11,100,000 Unlisted Options

ASX Codes:

BTU
BTUO

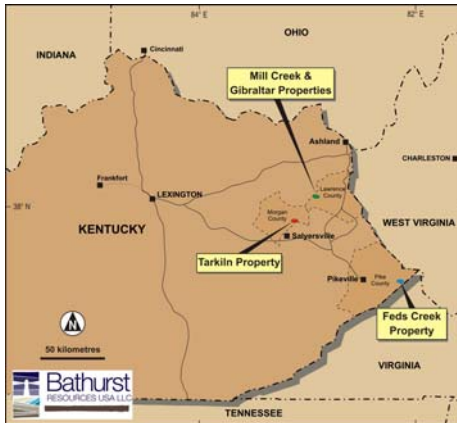
Overview

The Board of Bathurst Resources Ltd (“Bathurst”) is pleased to present its quarterly activities report for the quarter ended 30 September 2008.

This quarter saw Bathurst acquire 100% of C&R Holding of Eastern Kentucky LLC, a privately owned company that has operating coal mining assets in Kentucky, USA for an initial payment of US\$1.275m and the issue of 32,000,001 shares. This represents a significant opportunity for Bathurst to capitalise on the current buoyant coal market and the Board believes this acquisition has added significant shareholder value.

Bathurst assumed control of the coal mines and immediately undertook a placement to raise \$1.08m to be used for working capital and to advance production. Bathurst personnel have improved operational capacity with the introduction of upgraded mining equipment, which should see improved production in the coming months as overburden reduces.

In focusing on its new coal producing assets in Kentucky, USA, the Company has withdrawn from its exploration joint venture at Mount Clifford in WA.



USA Coal Asset Project Locations



USA Coal Production

Key operating statistics of the C&R coal mining operations include:

- Four coal projects in Kentucky of which two are already in production.
- Current operations producing at 26,000t/month.
- Tonnage capacity has increased through introduction of new equipment.
- Third project permitted and ready to start production with target production of 20,000t/month by Q2 2009.
- Initial JORC Code compliant Mineral Resource and Ore Reserve estimations completed.

C&R has leases covering coal rights over four project areas in eastern Kentucky at the Tarkiln, Feds Creek, Mill Creek and Gibraltar Projects. Mining permits have been secured on the Tarkiln, Feds Creek and Mill Creek Projects and a permit has been submitted for the Gibraltar Project which is expected within the next six months. Mining operations at Mill Creek are expected to start production in early 2009.

Production

The production profile of the Tarkiln and Feds Creek operations over the last 3 months is as follows:

(metric tonnes)	Jul-08	Aug-08	Sep-08
Tarkiln	26,885	26,412	25,999
Feds Creek	1,654	1,715	-
Total	28,539	28,127	25,999

Operating statistics for C&R the period are as follows:

	Jul-08 US\$	Aug-08 US\$	Sep-08 US\$
Operating surplus*	\$556,000	\$555,000	\$350,000
Operating Margin US\$/tonne	\$19.48	\$19.73	\$13.46

* Operating surpluses represent (unaudited) normalized operating USD cash flows as provided by C&R for the month and includes all cashflows for the operations including equipment lease and capital payments. Cash flows from C&R are only attributable to Bathurst from 8 September 2008 onwards. September margins were affected by a high stripping ratio at the Tarkiln project, expected to normalize in the coming quarter.

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USA Coal Production

The introduction of a D11 dozer saw increased earth moving capacity in September, much of which was utilized to remove overburden at a higher stripping ratio than previous months, resulting in marginal changes to coal production tonnage. Feds Creek operations were suspended in September due to scheduling, and recommenced in October. Feds Creek operations are targeted to increase to a maximum of 10,000t/month metallurgical coal by Q1 2009.

Personnel

in early September Gerry Cooper was employed as Vice President of Operations and Adrian Yurisich was employed as Group Mining Engineer. These appointments will bring much needed mine planning, process and safety improvements to the Company. Both Gerry and Adrian are ex-patriate Australian mining professionals posted full-time to site operations in Kentucky.

Together with Managing Director Hamish Bohannan, Bathurst is confident this new mining team can implement improvements and cost efficiencies to underpin long-term expansion of these operations.

New Projects

Bathurst's strategy is to develop and expand the existing production profile at Tarkiln and Feds Creek, commence production at Mill Creek and Gibraltar and expand the resource base through drilling at current projects and acquisition of other projects in the Appalachian basin.

To this end, Bathurst is currently reviewing a number of attractive project opportunities. The longer term strategy is to create a profitable mid-tier coal producer with a long term production profile.

Marketing

Coal market economics in the Appalachian basin are driven by domestic power demand, supplemented by export opportunities. Current and near term outlook is for prices to remain steady, supported by a low level of inventories at power stations.

The current low Australian dollar enhances Bathurst's profitability through its exposure to US dollar coal pricing, resulting in enhanced net monthly AUD cashflows.



USA Coal Assets

Coal Projects

The current Resource/Reserve position and production profile of C&R are modest and are a reflection of the operational procedure of the previous owners which was to prove up sufficient resources for 6 to 12 months production only. Bathurst plans to embark on a programme of increasing the production profile of C&R and building a substantial coal resource inventory in the Appalachian Basin through expansion of the current projects as well as acquiring further projects. JORC Code compliant reserve and resource estimates as of 5 September 2008 are set out below:

Morgan Project

Category	Coal Type	Tonnes
Proved Reserve	Thermal	265,000
Probable Reserve	Thermal	24,000
Total Reserve		289,000

Feds Creek Project

Category	Coal Type	Tonnes
Proved Reserve	Metallurgical	121,000
Probable Reserve	Metallurgical	-
Total Reserve		121,000

Category	Coal Type	Tonnes
Measured Resource	Metallurgical	303,000
Indicated Resource	Metallurgical	68,000
Total Mineral Resource		370,000

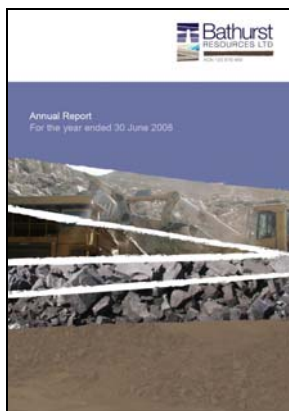
The reserve estimates above are reported in addition to stated resources and not as a subset of resources.

Exploration Potential

Stagg Resource Consulting has estimated Exploration Targets for the projects as set out below:

Project	Coal Type	Exploration Target
Morgan	Thermal	350,000t – 700,000t
Mill Creek	Metallurgical	185,000t – 370,000t

These Exploration Targets relate to project areas where there has been insufficient exploration to define a Mineral Resource, and Bathurst notes that it is uncertain if further exploration will result in the determination of a Mineral Resource.



Australia

On 8 October 2008, the Board resolved to withdraw from the Mt Clifford joint venture and focus on its recently acquired US coal assets. There are no additional expenditures or penalties payable on withdrawal from the Mt Clifford project.

Your Directors believe that this will provide improved shareholder value in the near and long term.

Corporate

As approved by shareholders at the recent EGM, Bathurst is pleased to report it has appointed two new directors, Hamish Bohannan and Billy Shelton.

Hamish Bohannan is a Mining Engineer with 30 years experience in the resources industry. Previously CEO of Braemore Resources, Hamish has also held executive positions with Cyprus Minerals, WMC Ltd, Iluka and IAMGold.

Billy holds a BSc in mining engineering from the University of Kentucky and is a qualified lawyer and partner of Jones, Walters, Turner & Shelton, a law firm based in Lexington Kentucky. He has extensive experience in legal aspects of Kentucky coal mining, in particular permitting, occupational health and workers' compensation aspects

Bathurst has also successfully undertaken a placement to clients of Bligh Capital of 3,150,000 shares at an issue price of \$0.32 to raise \$1.08m before costs. This represents additional working capital that will enable Bathurst to expedite its expansion strategy and pursue acquisition options.

Bathurst is also pleased to present its first Annual Report which was released on 23 October 2008.



ASX Announcements

The Company made the following announcements during the quarter and to the date of this report.

Date	ASX Announcement
23/10/2008	Annual Report to shareholders
23/10/2008	Appendix 3B
20/10/2008	Appendix 3B
17/10/2008	Company Secretary Resignation
16/10/2008	Change of Director's Interest Notice
13/10/2008	Change of Director's Interest Notice
8/10/2008	Notice of Annual General Meeting/Proxy Form
6/10/2008	Change of Director's Interest Notice
16/09/2008	Ceasing to be a substantial holder
16/09/2008	Change of Director's Interest Notice
16/09/2008	Becoming a substantial holder notices x3
11/09/2008	Revised Appendix 3B
10/09/2008	Full Year Statutory Accounts
10/09/2008	Revised Appendix 3B
10/09/2008	Issue of shares and options
10/09/2008	Director and Management Appointments
10/09/2008	Placement to raise \$1 million
10/09/2008	Completes acquisition of 100% of coal projects
10/09/2008	Reinstatement to Official Quotation
8/09/2008	Results of Meeting
8/09/2008	Request for Suspension from Official Quotation
8/09/2008	Suspension from Official Quotation
3/09/2008	Trading Halt
1/09/2008	Change of Director's Interest Notice
29/08/2008	Change of Director's Interest Notice
22/08/2008	Change of Director's Interest Notice x2
19/08/2008	Coal Project Update, Kentucky USA
13/08/2008	Change in substantial holding
11/08/2008	Change of Director's Interest Notice
8/08/2008	Appendix 3B
5/08/2008	Notice of Extraordinary General Meeting/Proxy Form
4/08/2008	Change of Director's Interest Notice
1/08/2008	Quarterly Activities and Cashflow Report
16/07/2008	Amended Reinstatement to Official Quotation
16/07/2008	Lifting of Suspension and Reinstatement to trading
16/07/2008	ACQUISITION OF OPERATING COAL MINING ASSETS, KENTUCKY USA
16/07/2008	Reinstatement to Official Quotation

The information in this announcement that relates to exploration results, mineral resources or ore reserves on the USA coal projects is based on information compiled by Mr Ken Fishel who is a consultant to the company and is a member of the American Institute of Professional Geologists which is a Recognised Overseas Professional Organisation accredited by the Australasian Institute of Mining and Metallurgy. Mr Fishel has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Fishel consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Bathurst Resources Ltd

ABN

125 679 469

Quarter ended ("current quarter")

30 September 2008

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	1,959	1,959
1.2	Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(2) (1,937) (635)	(2) (1,937) (635)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	31	31
1.5	Interest and other costs of finance paid	(12)	(12)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
Net Operating Cash Flows		(596)	(596)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(1,588) (197)	(1,588) (197)
1.9	Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other - Cash Acquired upon Acquisition	525	525
Net investing cash flows		(1,260)	(1,260)
1.13	Total operating and investing cash flows (carried forward)	(1,856)	(1,856)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,856)	(1,856)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,206	1,206
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(96)	(96)
1.18	Dividends paid		
1.19	Other - Capital Raising Costs	(42)	(42)
Net financing cash flows		1,068	1,068
Net increase (decrease) in cash held		(788)	(788)
1.20	Cash at beginning of quarter/year to date	2,297	2,297
1.21	Exchange rate adjustments to item 1.20	(24)	(24)
1.22	Cash at end of quarter	1,485	1,485

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	147
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

The amount above includes payments to a company associated with John Hannaford and Richard Monti. The payments relate to the provision of consulting fees, company secretarial services, accounting and bookkeeping, secretarial services and the provision office accommodation on commercial terms.

Non-cash financing and investing activities

2.1

Issue of 32,000,001 shares on acquisition of C&R Holding of Eastern Kentucky LLC

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

Appendix 5B
Mining exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	
4.3 Production	3,400
4.4 Administration	300
Total	4,200

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 \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,485	2,297
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,485	2,297

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased	Tarkiln Project - Permit No. 880-0092 Feds Creek Project - Permit No. 898-0730 Mill Creek Project - Permit No. 864-0204	Nil Nil Nil	100% 100% 100%

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Appendix 5B
Mining exploration entity quarterly report

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 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs, redemptions				
7.3 +Ordinary securities	57,683,334	53,183,336		
7.4 Changes during quarter Increases (a) Options exercised Private placement Private placement Issued on acquisition (b) Decreases through returns of capital, buy- backs	 33,333 3,150,000 500,000 33,000,001	 33,333 3,150,000 500,000 33,000,001	 25 cents 32 cents 38 cents N/A	 26 cents 32 cents 38 cents N/A
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description</i> <i>and conversion factor)</i>	15,116,667	6,966,667	<i>Exercise price</i> 25 cents	<i>Exercise date</i> 31/12/10
7.8 Issued during quarter	2,400,000		42 cents (vesting 12 months with various price hurdles)	1/09/11
	1,000,000		25 cents (escrow 12 months)	1/09/11
7.9 Exercised during quarter	33,333	33,333	25 cents	31/12/10
7.10 Expired during quarter	-	-		
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

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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 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 30 October 2008

(Company secretary)

Print name: Joshua Ward

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Cash Flow Statements* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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