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31 July 2008

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

**QUARTERLY ACTIVITIES AND CASHFLOW REPORT 30 JUNE 2008**

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

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Richard Monti', is positioned below the 'Yours faithfully' text.

Richard Monti  
Executive Director



## ASX Release

31 July 2008

### BATHURST RESOURCES LTD

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#### Directors/Officers:

John Hannaford – Non-executive Chairman  
Richard Monti – Executive Director  
Frank Ashe – Non-executive Director

#### Issued Capital:

21,000,000 Ordinary Shares  
11,750,000 Options

#### ASX Codes:

BTU  
BTUO

## QUARTERLY ACTIVITIES REPORT FOR THREE MONTHS ENDED 30 JUNE 2008

### Highlights

- ❖ Option to purchase operating coal mining assets in Kentucky USA acquired in July 2008.
- ❖ Non-renounceable entitlement issue of options completed raising \$70,000 for working capital.
- ❖ Mount Clifford exploration field programme completed during the quarter.

### Overview

The board of Bathurst Resources Ltd ("Bathurst") is pleased to present its quarterly activities report for the quarter ended 30 June 2008.

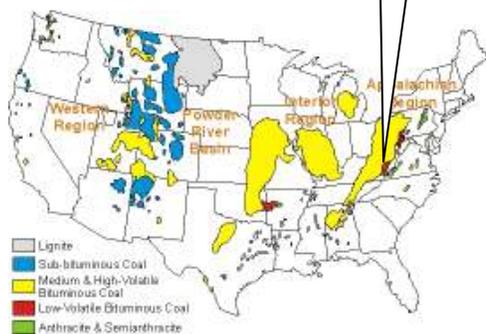
This quarter saw the Company initiate its field exploration program on the Mount Clifford project.

The Company requested a suspension from official quotation on 22 May 2008 to evaluate a potential coal acquisition in the USA. Bathurst remained suspended for the remainder of the quarter whilst finalising the deal, and returned to trading on 16 July 2008.

As announced on 16 July, Bathurst has secured the option to acquire up to 100% of C&R Holding of Eastern Kentucky LLC, a privately owned company that has operating coal mining assets in Kentucky, USA. This represents a significant opportunity for the company to capitalise on the current buoyant coal market and the Board believes this acquisition will add significant shareholders value.



Project Locations



USA Coal Asset Project Locations

## USA Coal Assets

Bathurst has signed an Agreement to acquire up to 100% of C&R Holding of Eastern Kentucky LLC ("C&R"), a company with coal mining and exploration interests in the Appalachian Basin Coal Field in Kentucky, USA. Significant highlights of the proposed transaction include:

- Acquisition of up to 100% of operating open pit coal mines in Eastern Kentucky, USA.
- Current operations producing at 30,000t/month with a significant operating surplus.
- Opportunity to substantially increase production and potential cost savings through efficiencies.
- Additional deposits available to increase production to one million tonnes per annum.
- Initial JORC compliant Mineral Resource and Ore Reserve estimations completed.
- Hamish Bohannan appointed as Managing Director, subject to shareholder approval.



## USA Coal Assets

### Coal Projects

C&R has secured leases covering coal rights over four project areas in eastern Kentucky at the Morgan, Feds Creek, Mill Creek and Gibraltar Projects. Mining permits have been secured on the Morgan, Feds Creek and Mill Creek Projects and a permit is expected to be granted on the Gibraltar Project within the next six months. The approvals process for the grant of mining permits in Kentucky typically takes between 10 and 16 months to complete.

The current Resource/Reserve position and production profile of C&R are modest and are a reflection of current operational procedure which is 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. Current JORC compliant reserve and resource figures are set out below:

#### ***Morgan Project***

Category	Coal Type	Tonnes
Proved Reserve	Thermal	265,000
Probable Reserve	Thermal	24,000
<b>Total Reserve</b>		<b>289,000</b>

#### ***Feds Creek Project***

Category	Coal Type	Tonnes
Proved Reserve	Metallurgical	121,000
Probable Reserve	Metallurgical	-
<b>Total Ore Reserve</b>		<b>121,000</b>

Category	Coal Type	Tonnes
Measured Resource	Metallurgical	303,000
Indicated Resource	Metallurgical	68,000
<b>Total Mineral Resource</b>		<b>370,000</b>

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## USA Coal Assets

### **Exploration Potential**

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

<b>Project</b>	<b>Coal Type</b>	<b>Exploration Target</b>
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.

### **The Transaction**

Bathurst can acquire the first 25% tranche by issuing 8m shares, payment of US\$2.4m and assumption of US\$1,200,000 of existing net debt. Bathurst has the option to acquire a further three tranches of 25% interest in C&R over a period of 15 months by issuing 8 million Bathurst shares on exercise of each option. Bathurst will also pay the vendors a gross coal production royalty of 0.5% for each tranche acquired (for a total of 2%). The vendors will be escrowed for 12 months from allotment of their shares and will continue working with Bathurst to add value to the current projects and acquire further coal projects within the Appalachian Basin.

As part of the acquisition, Bathurst has agreed to pay an unrelated party a Facilitation Fee of one million shares in Bathurst and one million options over Bathurst shares exercisable at 25c within three years of grant. These securities will be escrowed for 12 months from allotment.

The acquisition of C&R and appointment of the new Directors is subject to ratification by Bathurst shareholders in a meeting to be called in early September 2008.



## Mt Clifford

The Mt Clifford Project is prospective for gold, nickel and base metal mineralisation and covers approximately 34 square kilometers near Leonora in Western Australia. The Project is comprised of four tenements, two of which Bathurst has a 20% stake and the right to earn up to a 75% interest as well as two new tenements which are held 100% by Bathurst.

During the quarter, sampling and subsequent geochemical analysis defined two gold and one nickel target area that warrant further investigation.

## Corporate

In conjunction with the acquisition of C&R, Bathurst proposes to appoint two new directors, Hamish Bohannan and Billy Shelton.

Hamish Bohannan is a Mining Engineer with some 30 years experience in the resource industry, starting as a miner with Goldfields in South Africa before completing a degree at the Royal School of Mines. An underground miner at heart, he has been actively involved in many areas of the industry including dredging and open cut mining, processing and smelting. He has since worked around the globe in various metals from Copper and Gold to Nickel and Mineral Sands. Previously CEO of Braemore Resources, Hamish has also held executive positions with Cyprus Minerals, WMC Ltd, Iluka and IAMGold.

Billy Shelton, a current member of C&R will join the Board of Bathurst Resources as an Executive Director in charge of the legal and permitting aspects of the Kentucky coal operations. 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 Kentucky 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.

In the previous quarter, Bathurst commenced a non-renounceable entitlement issue of options on a 1 for 3 basis, in order to raise \$70,000 for working capital purposes and the advancement of the Mount Clifford project. The shortfall of 1,592,765 options was placed in the current quarter.

## ASX Announcements

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

Date	Announcement
16-07-08	Amended Reinstatement to Official Quotation
16-07-08	Lifting of Suspension and Reinstatement to trading
16-07-08	ACQUISITION OF OPERATING COAL MINING ASSETS, KENTUCKY USA
16-07-08	Reinstatement to Official Quotation
19-06-08	Company Secretary Appointment
22-05-08	Suspension from Official Quotation
20-05-08	Trading Halt
24-04-08	Quarterly Activities and Cashflow Report
22-04-08	Change of Director's Interest Notice
17-04-08	Change of Director's Interest Notice
17-04-08	Change of Director's Interest Notice
15-04-08	Placement of Options Shortfall

*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.*

*The information in this report that relates to exploration results, mineral resources or ore reserves on the Mt Clifford Project is based on information compiled by Mr Richard Monti who is a Director of the company and is a member of the Australasian Institute of Mining and Metallurgy. Mr Monti 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 Monti consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

## 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 June 2008

#### Consolidated statement of cash flows

##### Cash flows related to operating activities

1.1	Receipts from product sales and related debtors		
1.2	Payments for	(a) exploration and evaluation	(127)
		(b) development	(166)
		(c) production	
		(d) administration	(106)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	46	109
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		

##### Net Operating Cash Flows

(99)

(163)

##### Cash flows related to investing activities

1.8	Payment for purchases of:	(a)prospects	-
		(b)equity investments	(25)
		(c) other fixed assets	
1.9	Proceeds from sale of:	(a)prospects	
		(b)equity investments	
		(c)other fixed assets	
1.10	Loans to other entities	(627)	(627)
1.11	Loans repaid by other entities		
1.12	Other - Cash Acquired upon Acquisition		

##### Net investing cash flows

(627)

(652)

1.13	Total operating and investing cash flows (carried forward)	(726)	(815)
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Appendix 5B  
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(726)	(815)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	15	3,385
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other - Capital Raising Costs	-	(273)
<b>Net financing cash flows</b>		15	3,112
<b>Net increase (decrease) in cash held</b>		(711)	2,297
1.20	Cash at beginning of quarter/year to date	3,008	-
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	2,297	2,297

**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	54
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

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

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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	500
<b>Total</b>	1,000

**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	2,297	3,008
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	2,297	3,008

**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			

### 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 <sup>+</sup>securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs, redemptions				
7.3 <b><sup>+</sup>Ordinary securities</b>	21,000,000	16,000,002		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs				
7.5 <b><sup>+</sup>Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	11,750,000	7,000,000	<i>Exercise price</i> 25 cents	<i>Exercise date</i> 31/12/10
7.8 Issued during quarter	1,592,765	1,592,765	25 cents	31/12/10
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		
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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 31 July 2008

(Director/Company secretary)

Print name: Morgan Barron

## 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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