



BATHURST
RESOURCES LTD

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29 October 2010

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

QUARTERLY ACTIVITIES AND CASHFLOW REPORT 30 SEPTEMBER 2010

Please find attached the Quarterly Activities and Appendix 5B Quarterly cashflow reports for the quarter ended September 30, 2010.

Yours faithfully

Hamish Bohannon
Managing Director

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ASX Release

29 October 2010

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Directors/Officers:

Craig Munro – Non-executive Chairman

Hamish Bohannan – Managing Director

Rob Lord – Non Executive Director

Gerry Cooper – Executive Director

Issued Capital (at 30 September 2010):

227,787,892 Ordinary Shares

4,256,169 Listed Options

39,246,939 Unlisted Options

ASX Codes:

BTU

BTUO

**QUARTERLY ACTIVITIES REPORT
FOR THREE MONTHS ENDED
30 SEPTEMBER 2010**

1. Highlights

- ❖ Bathurst continues towards the acquisition of the Buller Coal Project in New Zealand; settlement of the transaction is scheduled for 9 November, 2010
- ❖ 12% increase in JORC Resource to 47.1 million tonnes with exploration potential of 60 to 90 million tonnes of coking and thermal coal
- ❖ Interim Definitive Feasibility Study (“DFS”) demonstrates viability of Escarpment block
- ❖ Significant interest in A\$110 million capital raising; scheduled for completion in early November

2. Overview

The Board of Bathurst Resources Ltd (“Bathurst”) is pleased to present its quarterly activities report for the quarter ended 30 September 2010.

The focus for the quarter was the completion of the interim DFS for Escarpment block at the Company’s Buller Coal Project.

The DFS confirmed the technical and economic feasibility of the company’s hard coking coal project in New Zealand, based upon the initial Escarpment mining block.

Also during the quarter, Bathurst announced a significant increase in JORC resources for the project of 47.1 million tonnes, which should underpin a mine life in excess of 20 years.

Bathurst also released its initial JORC Reserve of 12.6 Mt tonnes from its Escarpment and Deep Creek blocks.

Government approvals for the acquisition of the project were received from the Overseas Investment Office and the Crown Minerals departments of New Zealand.

Bathurst’s goals for the December Quarter 2010 include:

- completion of the A\$110 million equity raising;
- legal & financial settlement of the SPA with L&M Coal Holdings Ltd;
- concluding heads of agreements with potential offtake parties; and
- progressing the relevant environmental approvals for mining the Buller project.

3. Background - Buller Coalfield

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.

Solid Energy's Stockton open cut mining operation is also located at Buller. The state-owned mine produces about 2 million tonnes per annum of high-value coal. Most of the coal mined at Stockton is exported for use in steel mills in India, China, Japan, South Africa and Brazil.

The Buller Project is expected to produce similar high quality coal from the same seams mined by Solid Energy at Stockton.

4. Project Acquisition

During the June quarter Bathurst and L&M Coal Holdings Limited ("L&M") signed a Share Purchase Agreement ("SPA") whereby Bathurst will acquire 100% of the issued capital of L&M Coal Ltd, which in turn owns the Buller Coal Project.

In the current quarter significant progress was made by both Bathurst and L&M towards settlement of the acquisition. In particular, the receipt of approval for the transaction by the New Zealand Overseas Investment Office and approval from the Crown Minerals Department were key steps forward toward settlement.

In June, Bathurst paid L&M a US\$5 million deposit which was due under the SPA. Settlement of the acquisition requires a further US\$35 million payment which is expected to be made in early November, 2010 from the proceeds of the recently announced capital raising (refer later for more detail).

A summary of the terms of the SPA were contained in the ASX announcement of 10 June, 2010.

5. Project Activities

5.1 Interim DFS

During the September Quarter Bathurst completed the interim DFS for the Buller Project based upon the initial Escarpment mining block. The results confirmed the economic and technical viability of the Buller Project based solely on the Escarpment block.

The results of the interim DFS, which was completed by Marston & Marston Inc ("Marston"), were released to the ASX on 18 August, 2010. The highlights include:-

- Capital cost estimate of US\$42.5 million and
- Preproduction (pre strip) of Escarpment of US\$14.5 million
- Capital contingency of \$5.1 million
- Mine plan for Escarpment only, including 6.1 Mt of ROM, washing to 4.1 Mt of marketable coal
- CPP yield of between 65% and 75%; and
- Operating costs (excluding royalties) of US\$103/t (at a 1 mtpa rate)

The DFS also confirmed the extremely high quality of the hard coking coal from the Escarpment block.

Bathurst's target is to be producing hard coking coal from Escarpment in the December quarter of 2011. The Escarpment mine will commence at an annual rate of 650 ktpa increasing to 1 mtpa by 2013. Production is planned to be increased further to 2 mtpa as successive blocks, such as Deep Creek, are brought into production in late 2013.

An independent peer review of the interim DFS commenced during the quarter. The results of this review are expected in early November, 2010.

Furthermore, Marston's commenced a mining study on Deep Creek, which is scheduled to be Bathurst's next mining block on the Denniston Plateau. This study will form an addendum to the DFS and is expected to confirm the production ramp up to 2 mtpa. It will also likely illustrate a material reduction in operating costs through economies of scale, lower mining costs (Deep Creek has a lower strip ratio) and higher yields due to the direct shipping qualities that some of the Deep Creek material possesses.

The results of the Deep Creek addendum to the DFS are expected to be available in November 2010.

5.2 Reserves & Resources

During the September quarter Bathurst announced a significant upgrade to the JORC compliant resource to 47.1 million tonnes of coal for the Buller Project (as released on 2 September, 2010).

JORC Resources:

Status	Prospect	Mt	Total (Mt)
Measured	Escarpment	3.8	
	Deep Creek	6.2	10.0
Indicated	Escarpment	1.6	
	North Buller	4.8	
	Blackburn	10.8	
	Millerton North	4.3	
	Deep Creek	3.1	24.6
Inferred	Escarpment	1.9	
	North Buller	9.0	
	Deep Creek	1.6	12.5
TOTAL			47.1

The company was also pleased to announce its initial JORC Reserve for the Escarpment & Deep Creek blocks of 12.6 million tonnes (as released on 28 September, 2010).

Initial Reserve Estimate:

Mt	JORC Reserve	Product Coal
Escarpment	4.1	2.7
Deep Creek	8.5	7.5
TOTAL	12.6	10.2

In addition to the Proved and Probable Reserves, a further 2.1Mt of Inferred coal resource falls within the pit shell of Escarpment. This additional coal is classified as Inferred due to the presence of old workings, and therefore is not included in the Reserve.

The information in this Section 5.2 that relates to exploration results and mineral resources for Deep Creek, as well as mining reserves for Escarpment and Deep Creek is based on information compiled by Neil Fraser who is a full time employee of Marston International Pty Ltd and is a member of the Australasian Institute of Mining and Metallurgy. Mr Fraser 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 Fraser consents to the inclusion in this report of the matters based on his information in the form and context in which it appears above.

The information in this Section 5.2 that relates to exploration results and mineral resources other than Deep Creek is based on information compiled by Dr James Pope, of CRL Energy of Christchurch New Zealand who is a consultant to the company through CRL Energy and is a member of the Australasian Institute of Mining and Metallurgy. Dr Pope 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'. Dr Pope consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

5.3 Drilling Program

Bathurst's exploration program for the Buller Project continued during the quarter with the main focus being on the Deep Creek block. The 250m drilling program was completed in early August and delivered an 80% increase to the Deep Creek resource (up from 6.0Mt to 10.9Mt) as announced to the market on the 2nd September 2010. Resource modeling completed following the drilling identified further potential in the Deep Creek block to be targeted next quarter.

Following completion of the Deep Creek drilling, the rig will commence drilling on the Western Plateau block.

5.4 Other

Subsequent to the end of quarter, Bathurst was pleased to announce that it had received two key approvals in the acquisition and development of the Buller Project. The Company received the following:

- Approval from the Overseas Investment Office to acquire 100% of the shares in L&M Coal Limited, and thus the Buller Coal Project; and
- Crown Minerals consent (under s41 of the Crown Minerals Act) for the transfer of the coal exploration and coal mining permits of the Buller Coal Project in New Zealand.

These approvals are both conditions precedent of the SPA between Bathurst and L&M Coal Holdings.

During the September 2010 Quarter Bathurst continued its discussions with a number of potential providers of key equipment and service providers for the Buller project.

Significant progress was also made with a number of potential customers with respect to both coal offtake contracts and, in some cases, the provision of coal pre-payment finance facilities. Bathurst is confident that it will reach in principle agreements with some of these parties during the December quarter, 2010.

6. Corporate

6.1 Capital Raising

During the September Quarter, and concluding in early October, the Company announcement a successful capital raising of A\$110 million to provide additional funds for the acquisition, settlement and development of the Buller Project.

The equity raising consists of a placement of up to 253.4 million shares at A\$0.30 per share to raise approximately A\$76 million ("Placement") and a 1 for 2 non-renounceable rights issue at A\$0.30 per share to raise up to approximately A\$34 million ("Rights Issue").

The Company received firm commitments for the Placement which was keenly sought by professional and sophisticated investors in Australia, New Zealand, Asia, North America and Europe and was significantly oversubscribed.

Helmsec Global Capital Limited acted as Lead Manager of the Placement and Rights Issue and Allion Legal acted as legal counsel.

The funds are to be utilised as follows:

Use of funds from equity issue ⁽¹⁾	A\$M
Acquisition of Buller Project	37
Capital expenditure & mine development	60
Working capital / Issue expenses / Contingency	13
Total	110

The Placement is subject to approval by Bathurst's shareholders at a meeting being convened for 4 November 2010.

6.2 Strengthen Board & Management Team

During the quarter the Company was pleased to welcome Mr Rob Lord to the Board of Bathurst as a Non-Executive Director. Rob Lord was recently the Managing Director and Chief Executive Officer of Gloucester Coal Ltd, a successful ASX 200 publically listed company specialising in coal mining and marketing.

Prior to his appointment at Gloucester Coal, Mr Lord worked in the pulp and paper industry for 19 years, most recently as Executive Vice President responsible for the Australasian operations of Norwegian-based Norske Skog. Mr Lord has also worked in a variety of senior international marketing and sales positions including roles with Norske Skog Australasia, Fletcher Challenge Paper Australasia and Tasman Pulp and Paper in New Zealand.

In October, the Company also welcomed Marianne Rogers as General Manager - Buller Operations. Marianne obtained her mining engineering degree at the University of Auckland New Zealand. Since then she has worked in a variety of technical and management roles in underground and open cut mines throughout Australia over the past 20 years. She most recently worked as a member of the Senior Management Team at the Peabody Energy owned Wilpinjong Coal Mine in New South Wales. Ms Rogers qualifications also include Bachelor of Laws (1st class); Graduate Diploma in Legal Practice and Queensland First Class Mine Managers Certificate of Competency.

Bathurst is currently seeking to add skills and experience to the Board by the appointment of suitably qualified independent non-executive Directors. The Company's aim is to have a majority of non-executive Directors on the Board within the next 6 months.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Bathurst Resources Limited

ABN

93 125 679 469

Quarter ended ("current quarter")

30 September 2010

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		
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(1,172)	(1,172)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	64	64
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	(2,179)	(2,179)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(16)	(16)
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 (provide details if material)	(1)	(1)
	Net investing cash flows	(17)	(17)
1.13	Total operating and investing cash flows (carried forward)	(2,196)	(2,196)

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	758	758
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 (provide details if material)		
Net financing cash flows		758	758
Net increase (decrease) in cash held		(1,438)	(1,438)
1.20	Cash at beginning of quarter/year to date	8,276	8,276
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	6,838	6,838

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	160
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

The amount above includes payments to Directors and their associated companies.

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

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

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	nil	nil
3.2	Credit standby arrangements	nil	nil

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	810
4.2	Development	-
4.3	Production	-
4.4	Administration	1,000
Total		1,810

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	1,338	2,276
5.2	Deposits at call	5,500	6,000
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		6,838	8,276

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

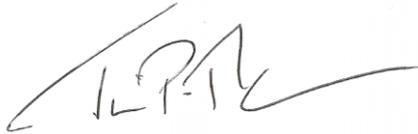
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference ⁺securities	N/A			
7.2	Changes during quarter	N/A			
7.3	⁺Ordinary securities	227,787,892	227,787,892		
7.4	Changes during quarter (a) Increases: - exercise of options (b) Decreases	2,863,559		\$0.25	\$0.25
7.5	⁺Convertible debt securities	N/A			
7.6	Changes during quarter	N/A			
7.7	Options (<i>description and conversion factor</i>)	8,853,108 1,000,000 3,900,000 250,000 4,000,000 5,000,000 9,500,000 11,000,000	4,256,169	<i>Exercise price</i> 25 cents 25 cents 42 cents 35 cents 10 cents 15.5 cents 15 cents 15 cents	<i>Expiry date</i> 31 Dec 2010 12 Sep 2011 Various 31 Oct 2011 30 Jun 2012 16 Jun 2013 30 Sep 2013 30 Sep 2013
7.8	Issued during quarter	9,500,000 11,000,000		15 cents 15 cents	30 Sep 2013 30 Jun 2013
7.9	Exercised during quarter	2,863,559	2,710,498	25 cents	31 Dec 2010
7.10	Expired during quarter				
7.11	Debentures (<i>totals only</i>)				
7.12	Unsecured notes (<i>totals only</i>)				

Appendix 5B

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:
(Joint Company secretary)

Date: .29 October 2010.....

Print name: Tim Manners

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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* 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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