



BATHURST
RESOURCES LTD

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29 October 2012

Listed Company Relations
New Zealand Exchange Limited
Level 2, NZX Centre
11 Cable Street
Wellington, New Zealand

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

**QUARTERLY ACTIVITIES AND CASH FLOW
REPORT 30 SEPTEMBER 2012**

Please find attached the Quarterly Activities and Cash Flow reports for the quarter ended 30 September 2012.

Yours faithfully

Hamish Bohannan
Managing Director

For further information contact

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ASX & NZX Release
29 October 2012

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Directors:

Craig Munro – Non Executive Chairman
Hamish Bohannan – Managing Director
Gerry Cooper – Executive
Rob Lord – Non Executive
Malcolm Macpherson – Non Executive

Issued Capital (at 30 September 2012):

696,747,997 Ordinary Shares
61,210,776 Unlisted Options

ASX & NZX Code:

BTU

Substantial Shareholders:

Bank of America (11.9%)
L1 Capital (11.3%)
Mathews Capital (7.6%)
Coupland Cardiff (6.3%)
JP Morgan Chase & Co (5.0%)

QUARTERLY ACTIVITIES REPORT FOR THREE MONTHS ENDED 30 SEPTEMBER 2012

1. Highlights

- ❖ Total coal sales of 50,681 tonnes from Cascade and Takitimu
- ❖ Significant increase in reserves announced
- ❖ Maiden reserves for Cascade and Coalbrookdale
- ❖ Further positive decision, subject to appeal, on climate change hearing
- ❖ Commencement of phase one upgrade at Westport Harbour
- ❖ OIO approval for strategic land acquisition at Takitimu

2. Overview

The Board of Bathurst Resources Limited (**Bathurst**) is pleased to present its quarterly activities report for the quarter ended 30 September 2012.

Total coal sales of 50,681 tonnes were recorded in the September quarter, comprising 20,173 tonnes from the Cascade mine and 30,508 tonnes from the Takitimu thermal operation in Nightcaps.

Following an extensive drilling programme Bathurst was able to significantly increase reserves at the Buller Coal Project, as announced to the ASX/NZX on 11 October 2012.

In August 2012, Bathurst received a positive decision from the High Court upholding the original decision of the Environment Court that the resource consents for the Escarpment Mine Project cannot have any regard to the effects on climate change. However this decision has been further appealed by West Coast ENT incorporated. A date for hearing has yet to be announced.

The remaining appeal against the resource consents for the Escarpment project, granted in August 2011, is set down to be heard in the Environment Court starting on October 29, 2012 and expected to run until 7 December 2012.

3. Background - Buller Coalfield

The Buller Coalfield is situated on the west coast of the South Island of New Zealand (refer Figure 1 below). 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 for use in steel mills in India, China and Japan.

The Buller Project will comprise two mining operations, North and South Buller. It also includes the operating Cascade mine located on the edge of the Denniston Plateau.

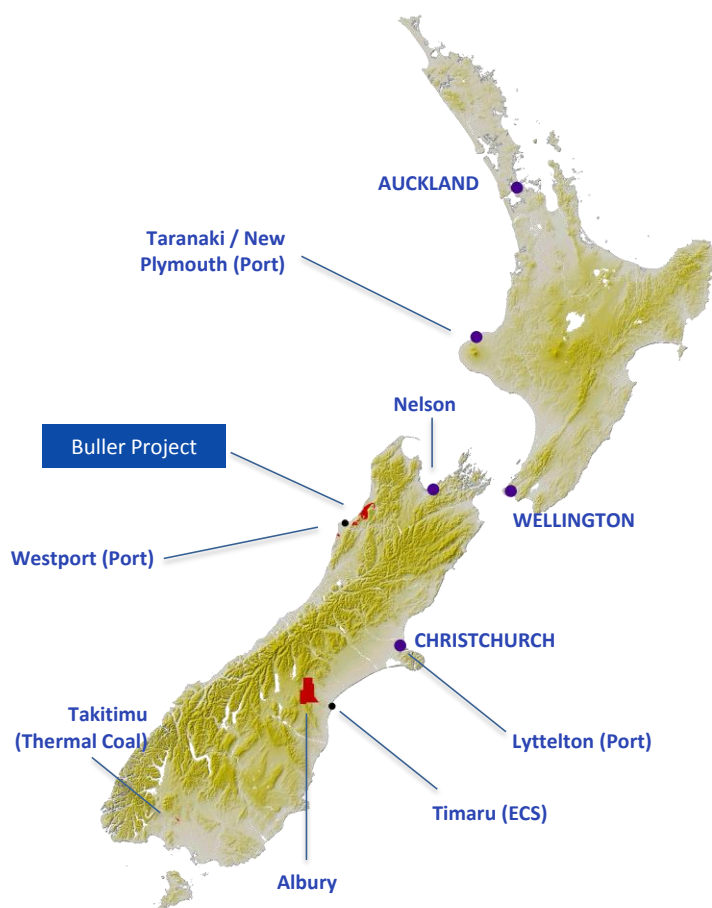


Figure 1 – Project Location

4. Buller Project

The September quarter was an important one for Bathurst's Buller Project, with a significant increase in the reserves announced (refer ASX/NZX announcement on 11 October 2012). Bathurst achieved total coal sales of 20,173 tonnes from the Cascade mine in South Buller. The September quarter for the Buller Operations was incident free with no reportable incidents and no environmental compliance issues.

4.1 Coal Production & Sales

South Buller - Cascade

Production & Sales for Cascade for the quarter ended 30 September 2012:

Production (Raw coal tn)	Overburden (bcm's)	Coal Sales (t) *
12,418	373,326	20,173

* Coal sales include the sale of third party coal

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4. Buller Project continued....

The Cascade open cut mine is the first production block in the South Buller operation and is adjacent to the Escarpment and Coalbrookdale blocks. Cascade has historically produced approximately 45,000 tonnes per annum of high value low contaminant coal for the local industrial market. Following the acquisition of the Eastern Coal business in 2011, Bathurst has increased production at Cascade opening up the opportunity for export sales in addition to fulfilling contracted commitments in New Zealand.

During the quarter an Extension of Land was approved for Cascade to add two adjacent areas of land to the existing Mining Permit. Earlier drilling confirmed significant resource potential in both areas which will be the next focus for development. Environmental approvals were granted by the Department of Conservation and by the district and regional councils for the commencement of mining for the first of the new areas.

Production at Cascade is now increasing to target up to 150,000 tonnes per annum. The workforce has been increased and a 24/7 roster has been introduced for the initial stages of this ramp up.

4.2 Project Approvals - Escarpment

Buller Coal Limited, Bathurst's wholly owned subsidiary, was granted resource consents for the Escarpment Mine Project in August 2011. The resource consents were subsequently appealed by three parties, Royal Forest & Bird Protection Society (**Forest & Bird**), West Coast Environmental Network Incorporated (**WCENT**) and the Fairdown Whareatea Residents' Association Inc (**Residents**).

In December 2011, Bathurst entered into mediation with the Residents. Concurrently with the mediation, Bathurst undertook a comprehensive review of the Buller Project which resulted in a revised plan. The resultant changes had the support of the Residents who withdrew their appeal on 27 April 2012. The other parties who "co-joined" in the Residents' appeal agreed with the application being withdrawn.

In April 2012, Bathurst received a positive decision from Judge LJ Newhook, the Acting Principal Environment Judge, on the preliminary question of the relevance of climate change. This declaration was appealed to the High Court by Forest & Bird and WCENT. In August 2012, the High Court upheld the original decision by Judge Newhook in the Environment Court. A further appeal was lodged by WCENT on 11 September 2012. The timing for the hearing of this appeal is yet to be announced.

The remaining appeal, on environmental grounds, will be heard in the Environment Court on 29 October 2012. The hearing will be held over a four week period with a two week break. The final week of the hearing will commence on Monday, 3 December 2012.

4.3 Revised mining and logistics plan

During the mediation process with the Residents in relation to the resource consents for the Escarpment Mine Project, Bathurst reviewed the existing plan for the whole of the Buller Project. As a result of this review and the mediation process, Bathurst devised an improved plan which addressed the Residents' concerns and also provided greater long term benefits for the company.

The original Buller Project plan was based on mining the Escarpment block, and constructing a coal washing plant on the Denniston Plateau and a pipeline to transport coal from there down to a stockpile facility in Fairdown.

The revised plan commits to an aerial system of coal transportation. The company is also in negotiations for an alternative stockpile site at Whareatea on the coastal plain. It is proposed that the coal wash plant will be located at this site, rather than on top of the Denniston Plateau. The aerial transport system and revised location for the stockpile and wash plant will deliver a better capital profile and significantly reduce the environmental effects of the Buller Project. Bathurst is now working on permitting and design concepts for the new transport system.

4. Buller Project continued....

The upgrade of the port facilities at Westport has commenced with the construction of a covered storage shed which will cater for the production from the Escarpment and Cascade mines. The NZ\$5 million (A\$3.9 million) 9,000 tonne capacity storage facility is expected to be completed by December 2012. This is Stage One of a proposed overall NZ\$30 million (A\$23.5 million) redevelopment of the existing port.

4.4 Development of the Coalbrookdale block and North Buller

The company has now completed studies on its Coalbrookdale block which is fully consented for underground mining. Development of Coalbrookdale will commence when market conditions improve.

North Buller is the next development target for the Buller Coal Project. Two helicopter rigs have been dedicated to an ongoing exploration programme concentrating initially on the Seddonville area and a leading environmental consulting group has been engaged to assist Bathurst to develop a long term strategic plan for the region.

4.5 Exploration

Since October 2011, a drilling programme of 154 holes was conducted across North and South Buller to improve confidence in the status and extent of resources. In the South Buller area, the company identified a significant increase in reserves which was announced to the ASX/NZX on 11 October 2012. This included an increase in reserves for Whareatea West and maiden reserves being announced for Cascade and Coalbrookdale. The exploration programme is ongoing and will be reported on as significant conclusions are reached.

5. Eastern Coal

5.1 Production & Sales

Takitimu Coal Mine

Production and sales for Takitimu for the quarter ended 30 September 2012:

Production (Raw coal tn)	Overburden (bcm's)	Coal Sales (t) *
34,594	856,196	30,508

*Includes small quantities of purchased coal

The Takitimu mine is located in the Ohai area, north of Invercargill. Sub-bituminous coal from the open cut operation is railed to a number of customers in the Southland, Otago and Canterbury areas.

The final highwall cutback has been established in the existing Takitimu mine with the exhausted pit being progressively backfilled as coal winning continues into the adjacent Coaldale block, which has a life of mine in excess of five years. The September quarter for the Eastern Operations was incident free with no reportable compliance issues.

During the quarter, Bathurst's wholly owned subsidiary, Takitimu Coal Limited (**Takitimu Coal**), received OIO approval for acquisition of the adjoining property at its Takitimu operations.

Bathurst considers the purchase of the land to be a key strategic acquisition which will substantially improve the economics of the Takitimu operations that continue to generate positive operational cash flows.

5. Eastern Coal continued....

5.2 Exploration

Black Diamond (EP51260)

During the quarter the Company has been compiling the results from the drilling programme which took place from February to April. Modeling of this coal has commenced and negotiations are underway with the landowner to obtain an access arrangement for further drilling

Albury (PP52484)

The Albury project, located 40 kilometres west of Timaru, was an historic underground and open cut mine worked from the early 1900's through to the mid 1960's. The mine produced low rank sub-bituminous coal for local sales.

In 2011 a programme of low impact exploration delivered encouraging results and consents have now been obtained for a bulk sample to be taken for trials to assess the suitability of the coal for energy production for local industry. The bulk sample is scheduled for February 2013.

The Albury Prospecting Permit was originally 838 square kilometres however an application for relinquishment of areas of non-coal bearing strata has been lodged which will see the area held under permit reduce to approximately 363.5 square kilometres. An application has also been made for an Exploration Permit over 3487 hectares of the most prospective area within the Prospecting Permit boundary.

Rule 5.3

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 2012

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	6,749	6,749
1.2 Payments for		
(a) exploration & evaluation	(1,987)	(1,987)
(b) consenting & licencing	(782)	(782)
(c) development	(1,248)	(1,248)
(d) production	(8,590)	(8,590)
(e) site administration	(1,509)	(1,509)
(f) corporate office	(2,201)	(2,201)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	596	596
1.5 Interest and other costs of finance paid	(77)	(77)
1.6 Income taxes paid	(50)	(50)
1.7 Other (provide details if material)	(811)	(811)
Net Operating Cash Flows	(9,910)	(9,910)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments (net of cash acquired)		
(c) other fixed assets	(7,951)	(7,951)
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		
Net investing cash flows	(7,951)	(7,951)
1.13 Total operating and investing cash flows (carried forward)	(17,861)	(17,861)

+ See chapter 19 for defined terms.

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(17,861)	(17,861)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	3,764	3,764
1.17	Repayment of borrowings	(319)	(319)
1.18	Dividends paid		
1.19	Other (Payment of Capital Raising Costs)	(2)	(2)
	Net financing cash flows	3,443	3,443
Net increase (decrease) in cash held			
		(14,418)	(14,418)
1.20	Cash at beginning of quarter/year to date	53,823	53,823
1.21	Exchange rate adjustments to item 1.20	295	295
1.22	Cash at end of quarter	39,700	39,700

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	335
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

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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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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	5,582	5,582
3.2 Credit standby arrangements	677	14

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration, consenting and evaluation	2,934
4.2 Development	2,670
4.3 Production	7,168
4.4 Administration & Corporate	2,714
Total	15,486

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	17,452	9,451
5.2 Deposits at call	22,248	44,372
5.3 Bank overdraft	-	-
5.4 Other	-	-
Total: cash at end of quarter (item 1.22)	39,700	53,823

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		

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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.

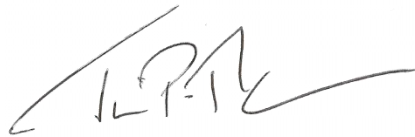
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities	N/A			
7.2 Changes during quarter	N/A			
7.3 +Ordinary securities	696,747,997	696,747,997		
7.4 Changes during quarter				
(a) Increases:				
- exercise of options	1,000,000	1,000,000	\$0.108	\$0.108
(b) Decreases	-	-		
7.5 +Convertible debt securities	N/A			
7.6 Changes during quarter	N/A			
7.7 Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
	1,000,000		37.8 cents	Various
	666,667		15.5 cents	16 June 2013
	15,000,000		10.8 cents	30 Sept 2013
	1,000,000		21 cents	30 Sept 2013
	1,000,000		16.8 cents	30 Sept 2013
	14,344,109		36 cents	15 Nov 2013
	22,200,000		40 cents	31 Dec 2013
	2,000,000		85 cents	31 Dec 2013
	2,000,000		113 cents	31 Dec 2013
	2,000,000		38 cents	29 Aug 2014
7.8 Issued during quarter	2,000,000		38 cents	29 Aug 2013
7.9 Exercised during quarter	1,000,000		10.8 cents	30 Sept 2013
7.10 Expired during quarter	4,500,000		40 cents	31 Dec 2013
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

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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: 29 October 2012
(Company secretary)

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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