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16 August 2013



Listed Company Relations
New Zealand Exchange Limited
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Wellington, New Zealand

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

Agreement to purchase coal mine for new dairy contract

Bathurst Resources (NZ) Limited ('Bathurst' NZX/ASX: BRL) is pleased to announce the signing of a conditional agreement to purchase the assets of Canterbury Coal Limited. At the same time, the Company has signed a three year contract to supply up to 55,000 tonnes of coal a year from the Canterbury Coal mine to a local dairy producer.

Canterbury Coal is an open cast mine near Coalgate which is 70 kilometres west of Christchurch. The mine produces thermal coal which is low in sulphur and ash and is in high demand by the local dairy and food processing industries. Bathurst has been operating the mine under a binding Heads of Agreement as part of a due diligence evaluation. During this time the Company has won a three year contract to supply a nearby dairy processing plant. Production at the mine will start at levels up to 50,000 tonnes per annum and is forecast to grow to 100,000 tonnes over the next few years to meet dairy and industrial demand in the Canterbury region.

The agreement for the purchase of the assets is conditional on consent to assignments of various permissions, and the consent of the Minister of Energy to the transfer of the permit. Consideration is a \$450,000 payment on final settlement, with a further payment of \$150,000 to be made twelve months from the date of settlement.

As part of the wider strategy for Canterbury Coal, Bathurst is also negotiating to take a 50% stake in the Kenroll Coal Yard in Rolleston, to be renamed Bathurst Industrial Coal. This will provide a consented coal yard, plant and equipment, weighbridge, and screening facilities.

Recent drilling at Canterbury Coal has identified a coal resource of 3.3 million tonnes (Indicated .9 million tonnes, Inferred 2.4 million tonnes)*.

Bathurst Managing Director, Hamish Bohannon, said "This acquisition and new supply contract further underpin the growth of our domestic sales. Coal demand in the Canterbury area is set to grow to over 150,000 tonnes per annum in the short term. The proximity of the mine to these markets gives us a distinct freight advantage over our competitors to target this growth potential.

On behalf of Bathurst Resources (NZ) Limited

A handwritten signature in black ink, appearing to read 'Hamish Bohannon', written over a light grey circular background.

Hamish Bohannon
Managing Director

* The information on this report that relates to exploration results and mineral resources for Canterbury Coal is based on information compiled by Hamish McLauchlan who is a full time employee of Buller Coal Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr McLauchlan 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 McLauchlan consents to the inclusion in this report of the matters based on his information in the form and context in which it appears above.