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16 November 2016

Market Announcements
Australian Securities Exchange
Level 4, 20 Bridge Street
SYDNEY
NSW 2000

Bathurst Resources Limited (ASX:BRL) – Notice of Annual General Meeting

The enclosed Notice of Annual General Meeting is being mailed to shareholders today.

On behalf of Bathurst Resources Limited.

A handwritten signature in purple ink, appearing to read 'J. Hungerford', written over a white circular background.

Jason Hungerford
Company Secretary
Bathurst Resources Limited

BATHURST RESOURCES LIMITED

NZCN 4382538

Notice of Annual General Meeting Explanatory Statement and Proxy Form

Date of Meeting

Friday 2 December 2016

Time of Meeting

10:00 a.m. (NZST)

Place of Meeting

Minter Ellison Rudd Watts, Level 18, 125 The Terrace, Wellington, New Zealand

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF BATHURST RESOURCES LIMITED CN 4382538 ("Bathurst"/"Company") WILL BE HELD AT MINTER ELLISON RUDD WATTS, LEVEL 18, 125 THE TERRACE, WELLINGTON, NEW ZEALAND ON FRIDAY 2 DECEMBER 2016, AT 10:00 A.M. (NZST).

AGENDA

An Explanatory Statement containing information in relation to each of the following Resolutions accompanies this Notice of Annual General Meeting.

ORDINARY BUSINESS

To receive and consider the annual financial report of the Company and the reports of the Directors and the Auditors for the financial year ended 30 June 2016.

Note: A copy of the Company's 2016 Annual Report is available now at <http://www.bathurstresources.co.nz>.

RESOLUTIONS

1 Resolution 1 – Re-election of Mr Toko Kapea as a Director

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

That Mr Toko Kapea, who retires by rotation in accordance with Listing Rule 14.4, and being eligible offers himself for re-election, be re-elected as a Director.

Voting Exclusion Statement: none required.

2 Resolution 2 - Auditor's Remuneration

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

That the directors be authorised to fix the remuneration of PricewaterhouseCoopers as auditor for the ensuing year.

Voting Exclusion Statement: none required.

3 Resolution 3 - Approval for Issue of Transaction Performance Rights to Mr Richard Tacon

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

That for the purpose of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue to Mr Richard Tacon (or his nominee), of up to 4,000,000 Transaction Performance Rights, on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion statement: The Company will disregard any votes cast on the resolution by Mr Richard Tacon and any of his associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4 Resolution 4 - Approval for Issue of Transaction Performance Rights to Mr Toko Kapea

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

That for the purpose of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue to Mr Toko Kapea (or his nominee), of up to 2,000,000 Transaction Performance Rights, on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion statement: The Company will disregard any votes cast on the resolution by Mr Toko Kapea and any of his associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5 Resolution 5 - Approval for Issue of Transaction Performance Rights to Mr Peter Westerhuis

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

That for the purpose of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue to Mr Peter Westerhuis (or his nominee), of up to 1,500,000 Performance Rights, on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion statement: The Company will disregard any votes cast on the resolution by Mr Peter Westerhuis and any of his associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6 Resolution 6 - Approval for Issue of Transaction Performance Rights to Mr Russell Middleton

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

That for the purpose of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue to Mr Russell Middleton (or his nominee), of up to 4,000,000

Performance Rights, on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion statement: The Company will disregard any votes cast on the resolution by Mr Russell Middleton and any of his associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7 **Resolution 7 - Approval for Convertibility of Convertible Notes and Convertibility of Redeemable Convertible Preference Shares for Republic Investment Management Pte Ltd**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 13,333,333 shares to Republic Investment Management Pte Ltd on conversion (if any) of the Convertible Notes and up to 90,909,091 shares on conversion (if any) of the Redeemable Convertible Preference Shares issued to Republic Investment Management Pte Ltd on the terms and conditions set out in the Explanatory Statement.

Voting exclusion statement: The Company will disregard any votes cast on the resolution by Republic Investment Management Pte Ltd, any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

8 **Resolution 8 - Approval for Convertibility of Convertible Notes and Convertibility of Redeemable Convertible Preference Shares for Asian Dragon Acquisitions Ltd**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 34,666,667 shares to Asian Dragon Acquisitions Ltd on conversion (if any) of the Convertible Notes and up to 63,636,364 shares on conversion (if any) of the Redeemable Convertible Preference Shares issued to Asian Dragon Acquisitions Ltd on the terms and conditions set out in the Explanatory Statement.

Voting exclusion statement: The Company will disregard any votes cast on the resolution by Asian Dragon Acquisitions Ltd, any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the

resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

9 Resolution 9 - Approval for Convertibility of Convertible Notes for Convertible Noteholders

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 150,666,667 shares to the Convertible Noteholders on conversion (if any) of the Convertible Notes issued to the Convertible Noteholders on the terms and conditions set out in the Explanatory Statement.

Voting exclusion statement: The Company will disregard any votes cast on the resolution by any Convertible Noteholders, any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

10 Resolution 10 - Approval for Convertibility of Redeemable Convertible Preference Shares for Mr Richard Tacon

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

That for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 3,636,364 shares to Executive Director, Mr Richard Tacon (or his nominee) on conversion (if any) of the Redeemable Convertible Preference Shares issued to Mr Tacon (or his nominee) on the terms and conditions set out in the Explanatory Statement.

Voting exclusion statement: The Company will disregard any votes cast on the resolution by Mr Tacon and any associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

11 Resolution 11 - Approval for Convertibility of Redeemable Convertible Preference Shares for Mr Toko Kapea

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

That for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,090,909 shares to Non-Executive Director, Mr Toko Kapea (or his nominee) on conversion (if any) of the Redeemable Convertible Preference Shares issued to Mr Kapea (or his nominee) on the terms and conditions set out in the Explanatory Statement.

Voting exclusion statement: The Company will disregard any votes cast on the resolution by Mr Kapea and any associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

12 Resolution 12 - Approval for Convertibility of Redeemable Convertible Preference Shares for Mr Peter Westerhuis

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

That for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,363,636 shares to Non-Executive Director, Mr Peter Westerhuis (or his nominee) on conversion (if any) of the Redeemable Convertible Preference Shares issued to Mr Westerhuis (or his nominee) on the terms and conditions set out in the Explanatory Statement.

Voting exclusion statement: The Company will disregard any votes cast on the resolution by Mr Westerhuis and any associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

13 Resolution 13 - Approval for Convertibility of Redeemable Convertible Preference Shares for Mr Russell Middleton

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

That for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 3,636,364 shares to Non-Executive Director, Mr Russell Middleton (or his nominee) on conversion (if any) of the Redeemable Convertible Preference Shares issued to Mr Middleton (or his nominee) on the terms and conditions set out in the Explanatory Statement.

Voting exclusion statement: The Company will disregard any votes cast on the resolution by Mr Middleton and any associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

14 Resolution 14 - Approval for Convertibility of Redeemable Convertible Preference Shares for RCPS Holders

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 349,090,908 shares to the RCPS Holders on conversion (if any) of the Redeemable Convertible Preference Shares issued to the RCPS Holders on the terms and conditions set out in the Explanatory Statement.

Voting exclusion statement: The Company will disregard any votes cast on the resolution by the RCPS Holders, any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

BY ORDER OF THE BOARD



Jason Hungerford
Company Secretary
Dated: 16 November 2016

ENTITLEMENT TO ATTEND AND VOTE

You will be entitled to attend and vote at the Annual General Meeting if you are registered as a Shareholder of the Company as at 5:00 p.m. (NZST) on 30 November 2016. This is because the Board has determined that the Shares on issue at that time will be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

HOW TO VOTE

Voting in person

Shareholders who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting if possible, so that their holding may be checked against the Company's register of members and attendances recorded.

Corporate Representatives

A body corporate, which is a Shareholder or which has been appointed as a proxy, may appoint an individual to act as its corporate representative at the Meeting. Any Letter of Corporate Representation must be provided to the Company's share registry no later than 48 hours prior to the date and time for the convening of the Meeting.

Voting by proxy

A Shareholder who is entitled to attend and cast a vote at the Meeting may appoint a proxy. A proxy need not be a Shareholder and may be an individual or body corporate. If a body corporate is appointed as a proxy it must appoint a corporate representative to exercise its powers as proxy at the Meeting (see above).

In order to appoint a proxy, a Shareholder will need to complete and return the Proxy Noting Form attached to this Notice of Meeting.

A Shareholder who is entitled to cast two or more votes may appoint two proxies to attend the Meeting and vote on their behalf and may specify the proportion or a number of votes each proxy is appointed to exercise. If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes (disregarding fractions). If you wish to appoint a second proxy, you may copy the enclosed Proxy Noting Form or obtain a form from the Company's share registry.

To be effective for the Meeting a proxy appointment (and any power of attorney or other authority under which it is signed or otherwise authenticated, or a certified copy of that authority) must be received at the address or fax number below no later than 10.00 a.m. (NZST) 30 November 2016, being not later than 48 hours before the time of the Meeting. Any proxy appointment received after that time will not be valid for the Meeting.

The Chairman of the meeting or any other Director who is appointed as proxy intends to vote discretionary proxies in favour of the relevant resolution.

Share Registry

On-line	www.investorvote.co.nz
By mail	Computershare Investor Services Limited Private Bag 92119 Auckland 1142 New Zealand
By fax	+64 9 488 8787

For further information concerning the appointment of proxies and the ways in which proxy appointments may be submitted, please refer to the enclosed Proxy Noting Form.

Voting by attorney

A Shareholder may appoint an attorney to attend and vote on their behalf. For an appointment to be effective for the meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at the address listed above for the receipt of proxy appointments no later than 10.00 a.m. (NZST) 30 November 2016.

Explanatory Statement

This Explanatory Statement is for the information of Shareholders of Bathurst Resources Limited (the 'Company') in connection with Resolutions to be considered at the Annual General Meeting of the Company to be held on Friday 2 December 2016 at 10:00 a.m. (NZST). If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors before voting.

Ordinary Business

Annual Financial Report

The Annual Report 2016 (including the financial statement, Directors' report and Auditor's report for the financial year ended 30 June 2016) is available for review by Shareholders at www.bathurstresources.co.nz and will be tabled at the Meeting.

Whilst there is no requirement for Shareholders to approve the Annual Report, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report for the financial year ended 30 June 2016;
- (b) ask questions or make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's report.

1 Resolution 1 - To re-elect Mr Toko Kapea as a Director

Listing Rule 14.4 requires that any person who is appointed as a director must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer.

Mr Toko Kapea therefore retires at the forthcoming Annual General Meeting in accordance with Listing Rule 14.4 and being eligible, has offered himself for election at the meeting.

Mr Kapea was appointed to the Board on 29 May 2013 as an Independent Director. The Board has determined that Mr Kapea would qualify as an independent director. He is a Wellington based commercial lawyer, consultant and director, specialising in banking, energy and Māori economic development sectors. Mr Kapea is a director of Tuia Group Limited and a partner in Tuia Legal. He has worked at Chapman Tripp, Meridian Energy, and in legal roles inhouse at St. George Bank NZ and Bank of New Zealand. Toko's current directorships include Television New Zealand Limited and Ngāti Apa Developments Limited (Rangitikei). He was on the Government Review Panel relating to the Te Ture Whenua Māori Act 1993 (Māori Land Act) and was also the lead negotiator for Ngāti Apa ki Rangitikei (North Island) for its direct negotiation Treaty of Waitangi claims with the Crown.

The Board, with Mr Kapea abstaining, recommend that Shareholders vote in favour of Resolution 1.

2 Resolution 2 - Auditor's Remuneration

PricewaterhouseCoopers is the existing auditor of the Company and has indicated its willingness to continue in office. Pursuant to section 207T of the Companies Act 1993,

PricewaterhouseCoopers is automatically reappointed at the annual meeting as auditor of the Company. The proposed resolution is to authorise the directors to fix the auditor's remuneration for the following year for the purposes of section 207S of the Companies Act 1993.

The Board unanimously recommend that Shareholders vote in favour of Resolution 2.

3 Background to each of Resolutions 3 to 6: Issue of Transaction Performance Rights to Mr Richard Tacon, Mr Toko Kapea, Mr Peter Westerhuis, and Mr Russell Middleton

3.1 Background

Shareholders are being asked to approve each of Resolutions 3 to 6 to allow one-off transaction performance rights (and Shares that may be issued upon the vesting and exercise of those performance rights) to be issued to:

- the Company's Executive Director, Mr Richard Tacon, in the amount of 4,000,000;
- the Company's Chairman, Mr Toko Kapea, in the amount of 2,000,000;
- the Company's Non-Executive Director, Mr Peter Westerhuis, in the amount of 1,500,000; and
- the Company's Non-Executive Director, Mr Russell Middleton, in the amount of 4,000,000

all as set out below (**Transaction Performance Rights**), in recognition of the successful signing of a sale and purchase agreement for the acquisition of certain assets of Solid Energy as detailed at 8 below (**Sale Agreement**) and contingent on a successful close and transition of those assets.

The Board considers each of Mr Tacon, Mr Kapea, Mr Westerhuis and Mr Middleton to have been instrumental in relation to the negotiation and signing of the Sale Agreement. The assets acquired by the Sale Agreement will complete two key components of the Company's strategy, being:

- entry into the export market in an efficient and scalable manner; and
- exposure to the North Island thermal coal market.

The Sale Agreement accelerates the Company's entry into the export market and provides the Company with an established platform of deep customer relationships, infrastructure and resources. The Sale Agreement also has direct benefits for the Company's existing Buller Plateau assets, which can potentially benefit from the acquired infrastructure.

The Board therefore considers that each of Mr Tacon, Mr Kapea, Mr Westerhuis and Mr Middleton is a critical contributor to the ongoing performance of the Company, given their proven track records with the Company and the substantial knowledge, skills, time and effort they have applied to source, investigate and deliver this transformative transaction for the Company. The proposed issue of Transaction Performance Rights in each of Resolutions 3 to 6 is therefore part of the Company's overall retention strategy.

Accordingly, the Board has determined that the proposed grant of Transaction Performance Rights as stated in each of Resolutions 3 to 6 is, in its opinion, appropriate.

3.2 Terms of the Transaction Performance Rights

In recognition of the contingent nature of the benefits to the Company that will be derived as a consequence of the Sale Agreement, the Board has determined that the Transaction Performance Rights will be granted on the following terms:

- the Transaction Performance Rights will vest on 31 December 2018.
- the Transaction Performance Rights will lapse if:
 - the holder of those Transaction Performance Rights does not remain employed by the Company until 31 December 2018 (subject to 3.3 below); and
 - the Sale Agreement does not proceed to completion and all the assets the subject of the sale agreement are not duly acquired by the Company;
- each vested Transaction Performance Right, when exercised, entitles the participant to acquire one Share;
- the issue price in respect of each Transaction Performance Right is nil;
- the exercise price in respect of each Transaction Performance Right is nil; and
- the Transaction Performance Rights must be exercised within 90 days upon vesting.

3.3 Vesting of the Transaction Performance Rights

In addition to the circumstances described at 3.2 above, a Transaction Performance Right that has not lapsed will also vest if:

- the person who holds the Transaction Performance Right dies;
- a change of control event occurs in relation to the Company; or
- the Board determines that a Transaction Performance Right becomes a vested Transaction Performance Right, and the Board gives the person who holds that Transaction Performance Right written notice that the Transaction Performance Right has vested and that it may be exercised on and from the date the person receives such notice.

4 Resolution 3 – Approval for Issue of Transaction Performance Rights to Mr Richard Tacon

4.1 Background

The Board has resolved to issue to Mr Richard Tacon, subject to obtaining prior shareholder approval for the purposes of Listing Rule 10.11, 4,000,000 Transaction Performance Rights in recognition of the successful signing of the Sale Agreement as set out at 3.1 above.

Assuming Resolution 3 is approved of by Shareholders at the Meeting, all Transaction Performance Rights will, when vested, entitle the holder to convert their Transaction Performance Rights into fully paid ordinary shares in the Company that rank equally with all other Shares then on issue. However, no such Shareholder approval of this proposed issue of the Transaction Performance Rights has been obtained prior to the Meeting.

Listing Rule 10.11 requires Shareholder approval to be obtained (subject to certain exceptions) where an entity issues, or agrees to issue, equity securities (which includes convertible securities) to a related party, or a person whose relationship with the entity or related party is, in ASX's opinion, such that approval should be obtained.

Mr Tacon is a related party of the Company as he is a Director of the Company.

After Shareholder approval is obtained, any shares issued upon exercise of a Transaction Performance Right will fall under Exception 7 in Listing Rule 10.12.

4.2 Terms of the Transaction Performance Rights

The terms of the Transaction Performance Rights are set out at 3 above.

4.3 Specific information required by Listing Rule 10.13

Listing Rule 10.13 requires that the following information be provided to Shareholders when seeking an approval for the purposes of Listing Rule 10.11:

- (a) The Transaction Performance Rights are to be issued to Richard Tacon (or his nominee);
- (b) Maximum Number of the Transaction Performance Rights to be issued – 4,000,000;
- (c) All Transaction Performance Rights will be issued and allotted to Richard Tacon (or his nominee) within 1 month after the date of the Meeting;
- (d) Issue price for the Transaction Performance Rights - nil cash consideration;
- (e) A voting exclusion statement is included in the Notice of General Meeting preceding this Explanatory Statement.

If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1 (Listing Rule 7.2, Exception 14).

The Board, with Mr Richard Tacon abstaining, recommends that Shareholders vote in favour of Resolution 3.

5 Resolution 4 – Approval for Issue of Transaction Performance Rights to Mr Toko Kapea

The Board has resolved to issue to Mr Toko Kapea, subject to obtaining prior shareholder approval for the purposes of Listing Rule 10.11, 2,000,000 Transaction Performance Rights in recognition of the successful signing of the Sale Agreement as set out at 3.1 above.

Assuming Resolution 4 is approved of by Shareholders at the Meeting, all Transaction Performance Rights will, when vested, entitle the holder to convert their Transaction Performance Rights into fully paid ordinary shares in the Company that rank equally

with all other Shares then on issue. However, no such Shareholder approval of this proposed issue of the Transaction Performance Rights has been obtained prior to the Meeting.

Listing Rule 10.11 requires Shareholder approval to be obtained (subject to certain exceptions) where an entity issues, or agrees to issue, equity securities (which includes convertible securities) to a related party, or a person whose relationship with the entity or related party is, in ASX's opinion, such that approval should be obtained.

Mr Kapea is a related party of the Company as he is a Director of the Company.

After Shareholder approval is obtained, any shares issued upon exercise of a Transaction Performance Right will fall under Exception 7 in Listing Rule 10.12.

5.1 Terms of the Transaction Performance Rights

The terms of the Transaction Performance Rights are set out at 3 above.

5.2 Specific information required by Listing Rule 10.13

Listing Rule 10.13 requires that the following information be provided to Shareholders when seeking an approval for the purposes of Listing Rule 10.11:

- (a) The Transaction Performance Rights are to be issued to Toko Kapea (or his nominee);
- (b) Maximum Number of the Transaction Performance Rights to be issued – 2,000,000;
- (c) All Transaction Performance Rights will be issued and allotted to Toko Kapea (or his nominee) within 1 month after the date of the Meeting;
- (d) Issue price for the Transaction Performance Rights - nil cash consideration;
- (e) A voting exclusion statement is included in the Notice of General Meeting preceding this Explanatory Statement.

If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1 (Listing Rule 7.2, Exception 14).

The Board, with Mr Toko Kapea abstaining, recommends that Shareholders vote in favour of Resolution 4.

6 Resolution 5 – Approval for Issue of Transaction Performance Rights to Mr Peter Westerhuis

The Board has resolved to issue to Mr Peter Westerhuis, subject to obtaining prior shareholder approval for the purposes of Listing Rule 10.11, 1,500,000 Transaction Performance Rights in recognition of the successful signing of the Sale Agreement as set out at 3.1 above.

Assuming Resolution 5 is approved of by Shareholders at the Meeting, all Transaction Performance Rights will, when vested, entitle the holder to convert their Transaction Performance Rights into fully paid ordinary shares in the Company that rank equally with all other Shares then on issue. However, no such Shareholder approval of this proposed issue of the Transaction Performance Rights has been obtained prior to the Meeting.

Listing Rule 10.11 requires Shareholder approval to be obtained (subject to certain exceptions) where an entity issues, or agrees to issue, equity securities (which includes convertible securities) to a related party, or a person whose relationship with the entity or related party is, in ASX's opinion, such that approval should be obtained.

Mr Westerhuis is a related party of the Company as he is a Director of the Company.

After Shareholder approval is obtained, any shares issued upon exercise of a Transaction Performance Right will fall under Exception 7 in Listing Rule 10.12.

6.1 Terms of the Transaction Performance Rights

The terms of the Transaction Performance Rights are set out at 3 above.

6.2 Specific information required by Listing Rule 10.13

Listing Rule 10.13 requires that the following information be provided to Shareholders when seeking an approval for the purposes of Listing Rule 10.11:

- (a) The Transaction Performance Rights are to be issued to Peter Westerhuis (or his nominee);
- (b) Maximum Number of the Transaction Performance Rights to be issued – 1,500,000;
- (c) All Transaction Performance Rights will be issued and allotted to Peter Westerhuis (or his nominee) within 1 month after the date of the Meeting;
- (d) Issue price for the Transaction Performance Rights - nil cash consideration;
- (e) A voting exclusion statement is included in the Notice of General Meeting preceding this Explanatory Statement.

If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1 (Listing Rule 7.2, Exception 14).

The Board, with Mr Peter Westerhuis abstaining, recommends that Shareholders vote in favour of Resolution 5.

7 Resolution 6 – Approval for Issue of Transaction Performance Rights to Mr Russell Middleton

The Board has resolved to issue to Mr Russell Middleton, subject to obtaining prior shareholder approval for the purposes of Listing Rule 10.11, 4,000,000 Transaction Performance Rights in recognition of the successful signing of the Sale Agreement as set out at 3.1 above.

Assuming Resolution 6 is approved of by Shareholders at the Meeting, all Transaction Performance Rights will, when vested, entitle the holder to convert their Transaction Performance Rights into fully paid ordinary shares in the Company that rank equally with all other Shares then on issue. However, no such Shareholder approval of this proposed issue of the Transaction Performance Rights has been obtained prior to the Meeting.

Listing Rule 10.11 requires Shareholder approval to be obtained (subject to certain exceptions) where an entity issues, or agrees to issue, equity securities (which includes

convertible securities) to a related party, or a person whose relationship with the entity or related party is, in ASX's opinion, such that approval should be obtained.

Mr Middleton is a related party of the Company as he is a Director of the Company.

After Shareholder approval is obtained, any shares issued upon exercise of a Transaction Performance Right will fall under Exception 7 in Listing Rule 10.12.

7.1 Terms of the Transaction Performance Rights

The terms of the Transaction Performance Rights are set out at 3 above.

7.2 Specific information required by Listing Rule 10.13

Listing Rule 10.13 requires that the following information be provided to Shareholders when seeking an approval for the purposes of Listing Rule 10.11:

- (a) The Transaction Performance Rights are to be issued to Russell Middleton (or his nominee);
- (b) Maximum Number of the Transaction Performance Rights to be issued – 4,000,000;
- (c) All Transaction Performance Rights will be issued and allotted to Russell Middleton (or his nominee) within 1 month after the date of the Meeting;
- (d) Issue price for the Transaction Performance Rights - nil cash consideration;
- (e) A voting exclusion statement included in the Notice of General Meeting preceding this Explanatory Statement.

If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1 (Listing Rule 7.2, Exception 14).

The Board, with Mr Russell Middleton abstaining, recommends that Shareholders vote in favour of Resolution 6.

8 Background to Resolutions 7 to 14: Proposed acquisition of assets from Solid Energy New Zealand Limited (subject to deed of company arrangement) (Solid Energy)

8.1 Overview of Proposed Transaction

The Company has established a joint venture company - Phoenix Coal Limited (**Phoenix**) - with Talleys Energy Limited (**Talleys**) in which the Company owns a 65% equity interest and Talleys owns the remaining 35% interest. Phoenix has entered into a conditional sale agreement to purchase the following assets (**Assets**) from Solid Energy New Zealand Limited (subject to Deed of Company Arrangement (**DOCA**)):

- Buller Plateau operating assets of Stockton Mine, including Cypress, Upper Waimangaroa, Mt William North and the Ngakawau loadout. Stockton Mine is the largest opencast mine in New Zealand and is located in the Buller Coalfield, 35 km north of Westport on the West Coast of the South Island with approximately 1,000 ktpa of production; and
- the North Island Domestic business comprises the Rotowaro and Maramarua Mines. The Rotowaro Mine is the second largest opencast coal mine in New

Zealand and is located 10 km west of Huntly township with approximately 700 ktpa of production. The Maramarua Mine is an opencast mine currently in development.

The conditional sale agreement was announced to the market on 2 November 2016. Under the sale agreement, Phoenix Coal has agreed to acquire the Assets for:

- cash consideration of NZ\$46 million (subject to certain closing adjustments); plus
- a semi-annual contingent payment of up to a maximum of NZ\$50 million. The contingent payment structure is based on a sliding scale share of Phoenix Coal's actual coal sales revenue from the Stockton Mine, subject to Metallurgical Coal prices being above certain thresholds. The contingent payment structure is subject to a maximum four year term and a maximum payment in aggregate of NZ\$50m and is only operational if Metallurgical Coal prices are above NZ\$150 per tonne.

Phoenix Coal will fund the purchase consideration by way of:

- NZ\$15m bank debt facility from BNZ; and
- equity commitments from each of the Company and Talleys in accordance with their respective ownership percentages.

The Company is required to provide funding in the amount of approximately NZD\$26m to Phoenix to purchase the Assets. The Company proposes to raise part of these funds via the following:

- a placement of redeemable convertible preference shares (**RCPS**) to institutional investors;
- the issue of convertible notes to institutional investors (**Convertible Notes**); and
- the issue of USD bonds (**Bonds**) to institutional investors.

Bathurst proposes to issue:

- 11,300 RCPS at an issue price of A\$1,000 per RCPS, raising up to A\$11.3 million;
- 7,500 Convertible Notes at an issue price of A\$1,000 per Convertible Note, raising up to A\$7.5 million; and
- up to US\$8.0m in Bonds at an issue price of \$US100,000 per Bond.

Together, the RCPS, Convertible Notes and Bonds are anticipated to raise a total of approximately NZD\$32m. The proceeds from the capital raising will be used to fulfil the Company's funding requirements in relation to the acquisition of the Assets under the sale agreement, including the purchase price, bonding and working capital needs of Phoenix, as well as to meet transaction costs.

The terms of the RCPS are set out in Appendix 2.

The terms of the Convertible Notes are set out in Appendix 3.

If shareholder approval is obtained and all of the issued RCPS are converted into ordinary shares before maturity of the RCPS, this will increase the totally fully diluted share capital on issue from 1,167,165,000 to 1,680,801,000 representing a 44.0% increase in the number of Bathurst ordinary shares on issue.

If shareholder approval is obtained for the convertibility of the Convertible Note, this would allow for a maximum of 200,000,000 additional ordinary shares to be issued, which would be a 17.1% increase in the current fully diluted shares on issue.

In aggregate, the capital raising could result in up to 713,000,000 new ordinary shares on issue which would be a 61.1% increase in the number of shares on issue, on a fully diluted basis, and take the total number of shares on issue to 1,880,801,000.

Under Resolutions 7 to 14 below, Bathurst is seeking approval from Shareholders for the convertibility of the RCPS and Convertible Notes under ASX Listing Rules 7.1 or 10.11, as applicable.

Shareholder approval is not being sought for the issue of the Bonds as the Bonds are debt instruments and are not convertible.

If shareholder approval is not obtained for the convertibility of any RCPS or Convertible Note, that RCPS or Convertible Note will be redeemed. Bathurst would then be unable to satisfy the relevant shareholder approval condition under the sale agreement and may seek to terminate the sale agreement.

9 Resolution 7 - Approval for Convertibility of Convertible Notes and Convertibility of Redeemable Convertible Preference Shares for Republic Investment Management Pte Ltd

9.1 General

The Company has entered into a Convertible Note Subscription Deed with Republic Investment Management Pte Ltd to raise AUD\$500,000 by the issue of 500 convertible notes (**Convertible Notes**), and the Company entered into a separate Subscription Deed with Republic Investment Management Pte Ltd to raise AUD\$2,000,000 by the issue of 2,000 redeemable convertible preference shares (**RCPS**). The convertibility of the Convertible Notes and the RCPS is subject to Shareholder approval (Resolution 7). In the event that Resolution 7 is not approved, then the Convertible Notes become repayable with interest accruing at a rate of 8% per annum and the RCPS become repayable at the issue price plus any accrued dividends.

Resolution 7 seeks Shareholder approval pursuant to Listing Rule 7.1 for the ability to convert the Convertible Notes and the RCPS into Shares.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, without shareholder approval, issue or agree to issue during any 12 month period any equity securities (which includes convertible securities), or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Given the Shares that may be issued if all Convertible Notes or RCPS were converted will exceed the Company's 15% threshold, Shareholder approval is required in accordance with Listing Rule 7.1.

After Shareholder approval is obtained, any Shares issued upon conversion will fall under Exception 4 in Listing Rule 7.2

9.2 Terms of the Convertible Notes

The terms of the Convertible Notes are set out in Appendix 3.

9.3 Terms of the RCPS

The terms of the RCPS are set out in Appendix 2.

9.4 Specific information required by Listing Rule 7.3 (Convertible Notes)

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of Convertible Notes the Company is to issue to Republic Investment Management Pte Ltd is 500 which will be convertible into a maximum of 13,333,333 Shares.
- (b) The Convertible Notes are proposed to be issued on around 25 November 2016. If approved by Shareholders, the Convertible Notes will become equity securities for the purposes of the Listing Rules at the time of the approval being obtained. The Issue of Shares on conversion of the Convertible Notes will depend on when and if the Convertible Note is converted by the Company or Republic Investment Management Pte Ltd.
- (c) The amount drawn down by the Company pursuant to the Convertible Note is AUD\$500,000 and will be convertible into Shares at AUD 3.75 cents per Share.
- (d) The Shares issued on conversion of the Convertible Notes will comprise fully paid ordinary Shares of the Company ranking equally with all other fully paid ordinary Shares of the Company.
- (e) The funds raised will be used for the purposes outlined in Section 8.
- (f) A voting exclusion statement is included in the Notice of General Meeting preceding this Explanatory Statement.

9.5 Specific information required by Listing Rule 7.3 (RCPS)

- (a) The maximum number of RCPS the Company is to issue to Republic Investment Management Pte Ltd is 2,000 which will be convertible into a maximum of 90,909,091 Shares.
- (b) The RCPS are proposed to be issued on around 25 November 2016. If approved by Shareholders, the RCPS will become an equity security for the purposes of the Listing Rules at the time of the approval being obtained. The Issue of Shares on conversion of the RCPS will depend on when and if the RCPS is converted.
- (c) The amount drawn down by the Company pursuant to the RCPS is AUD\$2,000,000 and will be convertible into Shares at AUD 2.2 cents per Share.

- (d) The Shares issued on conversion of the RCPS will comprise fully paid ordinary Shares of the Company ranking equally with all other fully paid ordinary Shares of the Company.
- (e) The funds raised will be used for the purposes outlined in Section 8.
- (f) A voting exclusion statement is included in the Notice of General Meeting preceding this Explanatory Statement.

10 Resolution 8 - Approval for Convertibility of Convertible Notes and Convertibility of Redeemable Convertible Preference Shares for Asian Dragon Acquisitions Ltd

10.1 General

The Company entered into a Convertible Note Subscription Deed with Asian Dragon Acquisitions Ltd to raise AUD\$1,300,000 by the issue of 1,300 convertible notes (**Convertible Notes**), and the Company entered into a separate Subscription Deed with Asian Dragon Acquisitions Ltd to raise AUD\$1,400,000 by the issue of 1,400 redeemable convertible preference shares (**RCPS**). The convertibility of the Convertible Notes and the RCPS is subject to Shareholder approval (Resolution 8). In the event that Resolution 8 is not approved, then the Convertible Notes become repayable with interest accruing at a rate of 8% per annum and the RCPS become repayable at the issue price plus any accrued dividends.

Resolution 8 seeks Shareholder approval pursuant to Listing Rule 7.1 for the ability to convert the Convertible Notes and the RCPS into Shares.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, without shareholder approval, issue or agree to issue during any 12 month period any equity securities (which includes convertible securities), or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Given the Shares that may be issued if all Convertible Notes or RCPS were converted will exceed the Company's 15% threshold, Shareholder approval is required in accordance with Listing Rule 7.1.

After Shareholder approval is obtained, any Shares issued upon conversion will fall under Exception 4 in Listing Rule 7.2

10.2 Terms of the Convertible Note

The terms of the Convertible Note are set out in Appendix 3.

10.3 Terms of the RCPS

The terms of the RCPS are set out in Appendix 2.

10.4 Specific information required by Listing Rule 7.3 (Convertible Notes)

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of Convertible Notes the Company is to issue to Asian Dragon Acquisitions Ltd is 1,300 which will be convertible into a maximum of 34,666,667 Shares.

- (b) The Convertible Notes are proposed to be issued on around 25 November 2016. If approved by Shareholders, the Convertible Note will become an equity security for the purposes of the Listing Rules at the time of the approval being obtained. The Issue of Shares on conversion of the Convertible Note will depend on when and if the Convertible Note is converted by the Company or Asian Dragon Acquisitions Ltd.
- (c) The amount drawn down by the Company pursuant to the Convertible Note is AUD\$1,300,000 and will be convertible into Shares at AUD 3.75 cents per Share.
- (d) The Shares issued on conversion of the Convertible Note will comprise fully paid ordinary Shares of the Company ranking equally with all other fully paid ordinary Shares of the Company.
- (e) The funds raised will be used for the purposes outlined in Section 8.
- (f) A voting exclusion statement is included in the Notice of General Meeting preceding this Explanatory Statement.

10.5 Specific information required by Listing Rule 7.3 (RCPS)

- (a) The maximum number of RCPS the Company is to issue to Asian Dragon Acquisitions Ltd is 1,400 which will be convertible into a maximum of 63,636,364 Shares.
- (b) The RCPS are proposed to be issued on around 25 November 2016. If approved by Shareholders, the RCPS will become an equity security for the purposes of the Listing Rules at the time of the approval being obtained. The Issue of Shares on conversion of the RCPS will depend on when and if the RCPS is converted.
- (c) The amount drawn down by the Company pursuant to the RCPS is AUD\$1,400,000 and will be convertible into Shares at AUD 2.2 cents per Share.
- (d) The Shares issued on conversion of the RCPS will comprise fully paid ordinary Shares of the Company ranking equally with all other fully paid ordinary Shares of the Company.
- (e) The funds raised will be used for the purposes outlined in Section 8.
- (f) A voting exclusion statement is included in the Notice of General Meeting preceding this Explanatory Statement.

11 Resolution 9 - Approval for Convertibility of Convertible Notes for Convertible Noteholders

11.1 General

The Company has entered into Convertible Note Subscription Deeds with the Convertible Noteholders to raise AUD\$5,650,000 by the issue of 5,650 convertible notes (**Convertible Notes**). The convertibility of the Convertible Notes is subject to Shareholder approval (Resolution 9). In the event that Resolution 9 is not approved, then the Convertible Notes become repayable with interest accruing at a rate of 8% per annum.

Resolution 9 seeks Shareholder approval pursuant to Listing Rule 7.1 for the ability to convert the Convertible Note into Shares.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, without shareholder approval, issue or agree to issue during any 12 month period any equity securities (which includes convertible securities), or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Given the Shares that may be issued if all Convertible Notes were converted will exceed the Company's 15% threshold, Shareholder approval is required in accordance with Listing Rule 7.1.

After Shareholder approval is obtained, any shares issued upon conversion will fall under Exception 4 in Listing Rule 7.2

11.2 Terms of the Convertible Note

The terms of the Convertible Note are set out in Appendix 3.

11.3 Specific information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of Convertible Notes the Company is to issue to Convertible Noteholders is 5,650 which will be convertible into a maximum of 150,666,667 Shares.
- (b) The Convertible Notes are proposed to be issued on around 25 November 2016. If approved by Shareholders, the Convertible Notes will become equity securities for the purposes of the Listing Rules at the time of the approval being obtained. The Issue of Shares on conversion of the Convertible Notes will depend on when and if the Convertible Notes are converted by the Company or the Convertible Noteholders.
- (c) The amount drawn down by the Company pursuant to the Convertible Notes is AUD\$5,650,000 and will be convertible into Shares at AUD 3.75 cents per Share.
- (d) The Shares issued on conversion of the Convertible Notes will comprise fully paid ordinary Shares of the Company ranking equally with all other fully paid ordinary Shares of the Company.
- (e) The funds raised will be used for the purposes outlined in Section 8.
- (f) A voting exclusion statement is included in the Notice of General Meeting preceding this Explanatory Statement.

12 Resolution 10 - Approval for Convertibility of Redeemable Convertible Preference Shares for Mr Richard Tacon

12.1 General

The Company has entered into a Subscription Deed with Mr Richard Tacon to raise AUD\$80,000 by the issue of 80 redeemable convertible preference shares (**RCPS**).

The convertibility of the RCPS is subject to Shareholder approval (Resolution 10). In the event that Resolution 10 is not approved, then the RCPS become repayable at the issue price plus any accrued dividends.

Listing Rule 10.11 requires Shareholder approval to be obtained (subject to certain exceptions) where an entity issues, or agrees to issue, equity securities (which includes convertible securities) to a related party, or a person whose relationship with the entity or related party is, in ASX's opinion, such that approval should be obtained.

Mr Tacon is a related party of the Company as he is a Director of the Company.

Resolution 10 seeks Shareholder approval pursuant to Listing Rule 10.11 for the ability to convert the RCPS into Shares.

If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1 (Listing Rule 7.2, Exception 14).

After Shareholder approval is obtained, any shares issued upon conversion will fall under Exception 7 in Listing Rule 10.12.

12.2 Terms of the RCPS

The terms of the RCPS are contained in Appendix 2.

12.3 Specific information required by Listing Rule 10.13

The following information is provided for the purposes of Listing Rule 10.13:

- (a) The RCPS will be held by Mr Richard Tacon (or his nominee).
- (b) If Resolution 10 is passed, the RCPS will be convertible into a maximum of 3,636,364 Shares.
- (c) The RCPS are proposed to be issued on around 25 November 2016. If approved by Shareholders, the RCPS will become an equity security for the purposes of the Listing Rules at the time of the approval being obtained. The Issue of Shares on conversion of the RCPS will depend on when and if the RCPS is converted.
- (d) Mr Tacon is a related party of the Company as he is a Director of the Company.
- (e) The amount drawn down by the Company pursuant to the RCPS is AUD\$80,000 and will be convertible into Shares each at AUD 2.2 cents per Share.
- (f) A voting exclusion statement is included in the Notice of General Meeting preceding this Explanatory Statement.
- (g) The funds raised will be used for the purposes outlined in Section 8.

13 Resolution 11 - Approval for Convertibility of Redeemable Convertible Preference Shares for Mr Toko Kapea

13.1 General

The Company has entered into a Subscription Deed with Mr Toko Kapea to raise AUD\$24,000 by the issue of 24 redeemable convertible preference shares (RCPS). The convertibility of the RCPS is subject to Shareholder approval (Resolution 11). In

the event that Resolution 11 is not approved, then the RCPS become repayable at the issue price plus any accrued dividends.

Listing Rule 10.11 requires Shareholder approval to be obtained (subject to certain exceptions) where an entity issues, or agrees to issue, equity securities (which includes convertible securities) to a related party, or a person whose relationship with the entity or related party is, in ASX's opinion, such that approval should be obtained.

Mr Kapea is a related party of the Company as he is a Director of the Company.

Resolution 11 seeks Shareholder approval pursuant to Listing Rule 10.11 for the ability to convert the RCPS into Shares.

If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1 (Listing Rule 7.2, Exception 14).

After Shareholder approval is obtained, any shares issued upon conversion will fall under Exception 7 in Listing Rule 10.12.

13.2 Terms of the RCPS

The terms of the RCPS are contained in Appendix 2.

13.3 Specific information required by Listing Rule 10.13

The following information is provided for the purposes of Listing Rule 10.13:

- (a) The RCPS will be held by Mr Toko Kapea (or his nominee).
- (b) If Resolution 11 is passed, the RCPS will be convertible into a maximum of 1,090,909 Shares.
- (c) The RCPS are proposed to be issued on around 25 November 2016. If approved by Shareholders, the RCPS will become an equity security for the purposes of the Listing Rules at the time of the approval being obtained. The Issue of Shares on conversion of the RCPS will depend on when and if the RCPS is converted.
- (d) Mr Kapea is a related party of the Company as he is a Director of the Company.
- (e) The amount drawn down by the Company pursuant to the RCPS is AUD\$24,000 and will be convertible into Shares each at AUD 2.2 cents per Share.
- (f) A voting exclusion statement is included in the Notice of General Meeting preceding this Explanatory Statement.
- (g) The funds raised will be used for the purposes outlined in Section 8.

14 Resolution 12 - Approval for Convertibility of Redeemable Convertible Preference Shares for Mr Peter Westerhuis

14.1 General

The Company has entered into a Subscription Deed with Mr Peter Westerhuis to raise \$30,000 by the issue of 30 redeemable convertible preference shares (**RCPS**). The convertibility of the RCPS is subject to Shareholder approval (Resolution 12). In the event that Resolution 12 is not approved, then the RCPS become repayable at the issue price plus any accrued dividends.

Listing Rule 10.11 requires Shareholder approval to be obtained (subject to certain exceptions) where an entity issues, or agrees to issue, equity securities (which includes convertible securities) to a related party, or a person whose relationship with the entity or related party is, in ASX's opinion, such that approval should be obtained.

Mr Westerhuis is a related party of the Company as he is a Director of the Company.

Resolution 12 seeks Shareholder approval pursuant to Listing Rule 10.11 for the ability to convert the RCPS into Shares.

If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1 (Listing Rule 7.2, Exception 14).

After Shareholder approval is obtained, any shares issued upon conversion will fall under Exception 7 in Listing Rule 10.12.

14.2 Terms of the RCPS

The terms of the RCPS are contained in Appendix 2.

14.3 Specific information required by Listing Rule 10.13

The following information is provided for the purposes of Listing Rule 10.13:

- (a) The RCPS will be held by Mr Peter Westerhuis (or his nominee).
- (b) If Resolution 12 is passed, the RCPS will be convertible into a maximum of 1,363,636 Shares.
- (c) The RCPS are proposed to be issued on around 25 November 2016. If approved by Shareholders, the RCPS will become an equity security for the purposes of the Listing Rules at the time of the approval being obtained. The Issue of Shares on conversion of the RCPS will depend on when and if the RCPS is converted.
- (d) Mr Westerhuis is a related party of the Company as he is a Director of the Company.
- (e) The amount drawn down by the Company pursuant to the RCPS is AUD\$30,000 and will be convertible into Shares each at AUD 2.2 cents per Share.
- (f) A voting exclusion statement is included in the Notice of General Meeting preceding this Explanatory Statement.
- (g) The funds raised will be used for the purposes outlined in Section 8.

15 Resolution 13 - Approval for Convertibility of Redeemable Convertible Preference Shares for Mr Russell Middleton

15.1 General

The Company has entered into a Subscription Deed with Mr Russell Middleton to raise AUD\$80,000 by the issue of 80 redeemable convertible preference shares (**RCPS**). The convertibility of the RCPS is subject to Shareholder approval (Resolution 13). In the event that Resolution 13 is not approved, then the RCPS become repayable at the issue price plus any accrued dividends.

Listing Rule 10.11 requires Shareholder approval to be obtained (subject to certain exceptions) where an entity issues, or agrees to issue, equity securities (which includes convertible securities) to a related party, or a person whose relationship with the entity or related party is, in ASX's opinion, such that approval should be obtained.

Mr Middleton is a related party of the Company as he is a Director of the Company.

Resolution 13 seeks Shareholder approval pursuant to Listing Rule 10.11 for the ability to convert the RCPS into Shares.

If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1 (Listing Rule 7.2, Exception 14).

After Shareholder approval is obtained, any shares issued upon conversion will fall under Exception 7 in Listing Rule 10.12.

15.2 Terms of the RCPS

The terms of the RCPS are contained in Appendix 2.

15.3 Specific information required by Listing Rule 10.13

The following information is provided for the purposes of Listing Rule 10.13:

- (a) The RCPS will be held by Mr Russell Middleton (or his nominee).
- (b) If Resolution 13 is passed, the RCPS will be convertible into a maximum of 3,636,364 Shares.
- (c) The RCPS are proposed to be issued on around 25 November 2016. If approved by Shareholders, the RCPS will become an equity security for the purposes of the Listing Rules at the time of the approval being obtained. The Issue of Shares on conversion of the RCPS will depend on when and if the RCPS is converted.
- (d) Mr Middleton is a related party of the Company as he is a Director of the Company.
- (e) The amount drawn down by the Company pursuant to the RCPS is AUD\$80,000 and will be convertible into Shares each at AUD 2.2 cents per Share.
- (f) Further terms of the RCPS are contained in Appendix 2.
- (g) A voting exclusion statement is included in the Notice of General Meeting preceding this Explanatory Statement.
- (h) The funds raised will be used for the purposes outlined in Section 8.

16 Resolution 14 - Approval for Convertibility of Redeemable Convertible Preference Shares for RCPS Holders

16.1 General

The Company has entered into Subscription Deeds with the RCPS Holders to raise AUD\$7,680,000 by the issue of 7,680 redeemable convertible preference shares (RCPS). The convertibility of the RCPS is subject to Shareholder approval (Resolution 14). In the event that Resolution 14 is not approved, then the RCPS become repayable at the issue price plus any accrued dividends.

Resolution 14 seeks Shareholder approval pursuant to Listing Rule 7.1 for the ability to convert the RCPS into Shares.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, without shareholder approval, issue or agree to issue during any 12 month period any equity securities (which includes convertible securities), or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Given the Shares that may be issued on conversion of the RCPS, if Shareholder approval is obtained, will exceed the Company's 15% threshold and none of the exceptions contained in Listing Rule 7.2 apply, Shareholder approval is required in accordance with Listing Rule 7.1.

After Shareholder approval is obtained, any shares issued upon conversion will fall under Exception 4 in Listing Rule 7.2

16.2 Terms of the RCPS

The terms of the RCPS are contained in Appendix 2.

16.3 Specific information required by Listing Rule 7.3

The following information is provided for the purposes of Listing Rule 7.3:

- (a) The maximum number of RCPS the Company is to issue is 7,680 which will be convertible into a maximum of 349,090,908 Shares.
- (b) The RCPS are proposed to be issued on around 25 November 2016. If approved by Shareholders, the RCPS will become an equity security for the purposes of the Listing Rules at the time of the approval being obtained. The Issue of Shares on conversion of the RCPS will depend on when and if the RCPS is converted.
- (c) The amount drawn down by the Company pursuant to the RCPS is AUD\$7,680,000 and will be convertible into Shares at AUD 2.2 cents per Share.
- (d) The Shares issued on conversion of the RCPS will comprise fully paid ordinary Shares of the Company ranking equally with all other fully paid ordinary Shares of the Company.
- (e) The funds raised will be used for the purposes outlined in Section 8.
- (f) A voting exclusion statement is included in the Notice of General Meeting preceding this Explanatory Statement.

Appendix 1 - Glossary

In this Explanatory Statement, the following terms have the following unless the context otherwise requires:

ASX	ASX Limited.
Board	board of Directors.
Chairman	chairman of the Board of Directors.
Company or Bathurst	Bathurst Resources Limited NZCN 43825381.
Convertible Noteholders	means the sophisticated and professional investors who hold the Convertible Notes other than Asian Dragon Acquisitions Ltd and Republic Investment Management Pte Ltd.
Director	director of the Company.
Equity Securities	has the meaning given to that term in the Listing Rules.
Explanatory Statement	the explanatory statement that accompanies this Notice of General Meeting.
Listing Rules	listing rules of the ASX.
Meeting or General Meeting	the General Meeting convened by this Notice of General Meeting.
Notice of General Meeting or Notice of Meeting	this notice of Annual General Meeting.
NZST	New Zealand Standard time
Phoenix	Phoenix Coal Limited
Proxy Form	the proxy form enclosed with this Notice of General Meeting.
Resolution	any of the resolutions that are the subject of the Notice of Meeting.
RCPS Holders	means the sophisticated and professional investors who hold the RCPS other than Asian Dragon Acquisitions Ltd, Republic Investment Management Pte Ltd, Russell Middleton, Richard Tacon, Toko Kapea and Peter Westerhuis.
Share	fully paid ordinary share in the capital of the Company.
Shareholder	holder of a Share in the Company.
Talleys	Talleys Energy Limited
Transaction Performance Rights	has the meaning given to that term in 3.1.
VWAP	volume weighted average price of the Shares.

Appendix 2 - Terms of the Redeemable Convertible Preference Shares

The terms of the Redeemable Convertible Preference Shares are set out below:

Issue Price	A\$1,000
Maturity Date	12 months from the date of issue
Dividend Payment	<p>The holder is entitled to a preferential dividend on the last day of each 6 month period (or part period) from the date of issue at the following rate:</p> <ul style="list-style-type: none"> • 8% p.a. if the Sale Agreement is not unconditional on the business day before the commencement of the relevant dividend period; or • 12% p.a. if the Sale Agreement becomes unconditional and Bathurst elects to convert some but not all of the RCPS. <p>The obligation to pay a dividend ceases on the earlier of conversion, the maturity date or commencement of the liquidation of Bathurst.</p>
Conversion	<ul style="list-style-type: none"> • Each RCPS is convertible into ordinary shares at Bathurst's election at any time after the Sale Agreement becomes unconditional, subject to shareholders of Bathurst first approving the conversion feature of the RCPS. • Each RCPS converts into ordinary shares at a fixed conversion ratio, being the issue price (A\$1,000) divided by a fixed conversion price of A\$0.022 (approximately equal to 45,454 ordinary shares). • This rate was set on 21 September 2016 and was at a discount to the then 30 day VWAP of A\$0.0266 and a premium to the then 90 day VWAP of A\$0.0197.
Redemption	Cash redemption of the issue price and any accrued dividend upon maturity.
Early Redemption	<p>Bathurst is entitled at any time to redeem all or any of the RCPS on the earlier of:</p> <ul style="list-style-type: none"> • the maturity date; • shareholder approval for the conversion of the RCPS into ordinary shares not being obtained; • New Zealand Overseas Investment Office approval for the acquisition under the Sale Agreement not being obtained; or • the business day after, two business days following the exercise of the Company's discretion to convert all of the RCPS and all of the RCPS having not converted within those two business days. <p>The RCPS must be redeemed on the earlier of:</p> <ul style="list-style-type: none"> • the maturity date;

	<ul style="list-style-type: none"> • the date the Sale Agreement is terminated or the acquisition of the mining assets cannot proceed for any reason; or • the partial conversion of some of the RCPS
Secured	Unsecured
Ranking	On a winding up of the Company, a RCPS holder will be entitled to payment, in respect of the RCPS, of an amount of cash equal to the issue price and accumulated dividends, in priority to any payment to ordinary shareholders.
Voting	<p>The holder is entitled to one vote on a show of hands or one vote for each RCPS held on a poll in the following circumstances only:</p> <ul style="list-style-type: none"> • during a period where a dividend payment on the RCPS is in arrears; • on a proposal to reduce the Bathurst's share capital; • on a resolution to approve the terms of a buy-back agreement; • on a proposal that affects rights attached to the RCPS; • on a proposal to wind up Bathurst; • on a proposal for the disposal of the whole of Bathurst's property, business and undertaking; and/or • during the winding up of Bathurst.

Appendix 3 – Terms of the Convertible Notes

The terms of the Convertible Notes are set out below:

Issue Price	A\$1,000
Maturity Date	48 months from the date of issue
Interest Payment	The holder is entitled to a semi-annual interest payment of 8% p.a.
Conversion	<p>Subject to shareholders of Bathurst first approving the conversion feature of the Convertible Note, each Convertible Note is convertible into ordinary shares at the election of the holder any time after the Sale Agreement becomes unconditional during the period starting:</p> <ul style="list-style-type: none"> • 90 days after the completion of the acquisition pursuant to the Sale Agreement; and • 180 days after the issue date, <p>and finishing on the date that is 10 days before the maturity date. If a holder fails to make an election during this period, the holder will be deemed to have elected to redeem the Convertible Notes.</p> <p>Each Convertible Note converts into ordinary shares at a fixed conversion ratio, being the issue price (A\$1,000) divided by a fixed conversion price of A\$0.0375 (approximately equal to 26,667 ordinary shares).</p> <p>This rate was set on 21 September 2016 and represents a 40% premium to the then 30 day VWAP and a 70% premium to the conversion price under the RCPS.</p>
Redemption	Cash redemption of the issue price and any accrued and unpaid interest.
Early Redemption	<p>Bathurst has a one-off right to redeem some or all of the Convertible Notes once the Sale Agreement becomes unconditional. Bathurst must redeem all of the Convertible Notes if the Sale Agreement is terminated or if shareholder approval for the conversion is not obtained.</p> <p>The holders of the Convertible Notes may redeem the Convertible Notes at any time after the issue date and before the maturity date if Bathurst's shares cease to be listed or admitted to trading on ASX or are suspended for trading for more than 30 consecutive trading days, or if there is a change of control or event of default in respect of the Company.</p>
Secured	Unsecured
Ranking	<p>On a winding up of the Company, a Convertible Note holder will be entitled to payment, in respect of the Convertible Note, of an amount of cash equal to the issue price and accumulated but unpaid interest, in priority to any payment to ordinary shareholders.</p> <p>The Convertible Notes rank equally with all other present and future unsecured obligations except for obligations accorded preference by mandatory provisions of applicable law</p>