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30 July 2012

Company Announcements Platform
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NSW 2000

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New Zealand Exchange Ltd
Level 2, NZX Centre
11 Cable Street
Wellington, New Zealand

QUARTERLY ACTIVITIES AND CASH FLOW REPORT 30 JUNE 2012

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

Yours faithfully

A handwritten signature in black ink, appearing to read 'Hamish Bohannon', is written over a faint, circular watermark.

Hamish Bohannon
Managing Director

For further information contact

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ASX & NZX Release
30 July 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 June 2012):

695,747,997 Ordinary Shares
64,710,776 Unlisted Options

ASX & NZX Code:

BTU

Substantial Shareholders:

Mathews Capital (16.5%)
Bank of America (15.5%)
L1 Capital (8.21%)
Coupland Cardiff (6.3%)

QUARTERLY ACTIVITIES REPORT FOR THREE MONTHS ENDED 30 JUNE 2012

1. Highlights

- ❖ Total coal sales of 45,958 tonnes from Cascade and Takitimu.
- ❖ Positive decision on climate change declaration made by the Environment Court in Bathurst's favour, though subsequently appealed. High Court hearing date of 30 July 2012 set for climate change declaration appeal.
- ❖ Hearing of the appeals against the resource consents to commence on 29 October 2012.
- ❖ Improved plan for Buller Project announced combining North and South Buller infrastructure and allowing resolution and withdrawal of residents' appeal.
- ❖ Strategic acquisition of land adjoining the Takitimu operations.

2. Overview

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

Total coal sales of 45,958 tonnes were recorded in the June quarter, 15,507 tonnes from the Cascade mine and 32,451 tonnes from the Takitimu thermal operation in Nightcaps.

Bathurst received a positive decision from Judge LJ Newhook regarding the relevance of climate change. The declaration has been appealed by Royal Forest & Bird Protection Society and West Coast Environmental Network Incorporated and this appeal is set to be heard in the High Court on 30 July 2012.

The Environment Court delivered a timetable for the hearing of the appeals. The hearing will commence on 29 October 2012. The appeals against the climate change declaration will be heard by the High Court on 30 July 2012.

Bathurst undertook a comprehensive review of the Buller Project which resulted in an improved plan, combining the infrastructure plans for North and South Buller, providing for a reduced footprint, removing infrastructure from the plateau, and allowing the Residents' Association to withdraw their appeal and confirm full support for the project.

On 25 July 2012, Bathurst received approval from the Overseas Investment Office of New Zealand for the strategic acquisition of land adjoining the Takitimu operations. The acquisition will improve the economics of the Takitimu project.

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.

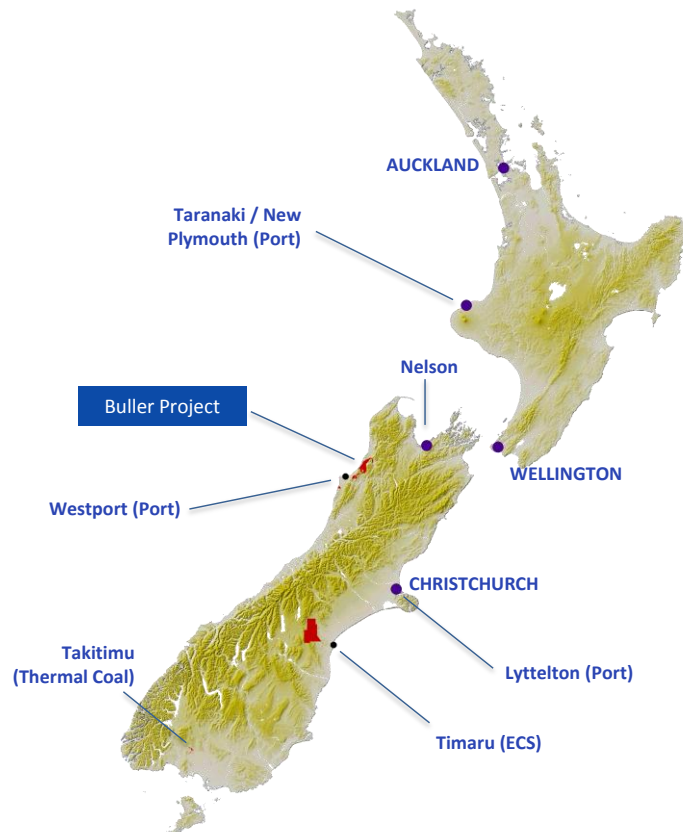


Figure 1 – Project Location

4. Buller Project

The June quarter was a significant one for Bathurst's Buller Project, with significant progress on the resolution of the appeals against the resource consents for the Escarpment mine and the completion of improved mine plans for the Buller Coal Project, of which the Escarpment mine forms a key part. Bathurst achieved total coal sales of 15,507 tonnes from the Cascade mine in South Buller. The June quarter for the Buller Operations was incident free with no reportable compliance issues.

4.1 Coal Production & Sales

South Buller - Cascade

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

Production (Raw coal tn)	Overburden (bcm's)	Coal Sales (t)
11,237	333,396	15,507

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.

Initial shipments of Cascade coal progressed out of Westport without issue through to Taranaki, the port of New Plymouth. Shipments through Westport have since halted whilst the company constructs covered storage and improved coal handling facilities as the first stage of its planned port upgrades. Shipments will recommence in December.

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**).

On 30 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. The Court granted the declaration which the Company sought, that in considering the applications for consents for the Escarpment Mine, the Court cannot have any regard to the effects on climate change of discharges into the air of greenhouse gases. The climate change declaration has been appealed by Forest & Bird and WCENT.

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 have the support of the Residents who withdrew their appeal on 27 April 2012. The other parties who "co-joined" in the Resident' appeal agreed with the Resident' application being withdrawn.

The Environment Court has delivered a timetable for the hearing of the two remaining appeals. In accordance with the timetable, Buller Coal Limited lodged its evidence with the Environment Court on 18 June 2012. The hearing will commence on 29 October 2012. Forest & Bird's and WCENT's appeals against the climate change declaration will be heard by the High Court on 30 July 2012, continuing concurrently alongside the primary appeal.

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 was able to examine the existing plan for the whole Buller Project. As a result of this examination and the mediation process, Bathurst has devised an improved plan which addresses the Residents' concerns and will provide greater long term benefits for the Company.

In creating the revised plan for the Buller Project, Bathurst tested the assumptions on which Bathurst's predecessor, L&M Coal Holdings Ltd's (**L&M**) planning and permitting applications were made whilst acknowledging the previous constraints upon L&M.

The original Buller Project Plan, for which the resource consents were granted in August 2011, was based on mining the Escarpment block, and constructing a coal washing plant on the plateau and a pipeline to transport coal off the plateau to a stockpile facility in Fairdown.

Bathurst has now developed a revised plan which eliminates technical risk associated with the pipeline, commits to an aerial system of coal transportation, delivers a better capital profile and significantly reduces the environmental effects of the Buller Project.

4. Buller Project continued...

The revised Buller Project Plan incorporates an improved mine schedule for the Escarpment block, which will produce a low-ash coal negating the immediate need for a wash-plant. The first two to three years of coal production is expected to be at a slightly lower annualised production rate and the coal will be transported off the Plateau via truck to either the Port of Westport or a rail load out facility for transport to Lyttelton. Annualised production rates are expected to be approximately 500,000 tpa until the new aerial transport infrastructure has been constructed at which time production is targeted to increase to 1 million tpa.

Concurrently with the first two years of production from Escarpment, the permitting, design and construction of a shorter, more acceptable transport route by an aerial system will be finalised. The aerial system will transport coal to an identified site on the coastal plain north of Fairdown; a location that is acceptable to local residents. This new “raw coal” strategy defers the need for a wash plant for at least two years. When the washplant is constructed, it will be located at the new site rather than the original location on the top of the plateau.

Upgrading the port facilities at Westport will proceed as planned with the construction of a new covered storage shed which will cater for the production from the Escarpment and Cascade mines.

The benefits of the revised plan are an optimised mining schedule, more efficient use of resources and infrastructure, lower operating costs and significant reduction in environmental effects. Bathurst’s priority remains the development of the Escarpment block. This continues to be dependent upon the outcome of the remaining licence appeals. Meanwhile, production from Cascade will be maximised and production from Coalbrookdale, subject to final feasibility studies, will be expedited.

North Buller is subject to a scoping study, the results of which are being analysed by the Company. Preliminary analysis indicates that North Buller coal could be blended with Escarpment coal. This could enable the deferral of the construction of a wash plant beyond the two years noted earlier.

The Escarpment project is expected to be fully funded, after allowing for Bathurst’s existing cash reserves and the US\$90 million in borrowing facilities that Bathurst anticipates concluding with its offtake partners in the coming months.

Pursuant to the terms of the settlement between Bathurst and the Residents, Bathurst will use its best endeavours to obtain all required consents for the revised plan. However, the original consents granted to Bathurst will not be surrendered and Bathurst retains the right to revert to the original project plan in the unforeseen event that the required consents for the revised plan cannot be obtained.

4.4 Development of the Coalbrookdale block and North Buller

During the June quarter, the Company continued to develop plans for the Coalbrookdale block and the North Buller project. Coalbrookdale has all the required permits in place to commence development of a small underground operation. Bathurst has taken steps to advance finalising all necessary drilling and technical studies for the project. In relation to the North Buller project, Bathurst is still in the process of reviewing the draft results of an independent scoping study.

4.5 Exploration

In April, the Company added another drill rig to its exploration programme bringing the total number of core drilling rigs to four. The Company continued its field mapping programme of prospective areas in North Buller and Ngakawau. Drilling in the Coalbrookdale East area was completed with 13 holes being drilled. This drilling confirmed the presence of coal in the area of old underground workings. The results of the drilling programme are being reviewed by the Company.

4. Buller Project continued ...

Drilling continued in North Buller with one rig in areas close to old mining areas. Three rigs undertook drilling on the western Denniston Plateau to delineate coal areas across the wider Denniston Plateau. Analysis of the holes drilled in the Cascade mine has indicated the presence of an unmined coal seam; the Company is now working to confirm these results. Going forward the Company will focus drilling at the Cascade Mine to establish the extent of this seam. Drilling will focus on North Buller with two dedicated drill rigs to determine the location and extent of potentially minable coal deposits in the area as part of the project development for North Buller.

5. Eastern Coal

5.1 Production & Sales

Takitimu Coal Mine

Production and sales for Takitimu for the quarter ended 31 March 2012:

Production (Raw coal tn)	Overburden (bcm's)	Coal Sales (t)
24,205	207,104	32,451*

*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 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 June 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**), completed the strategic acquisition of the adjoining property (**Land**) at its Takitimu operations for NZ\$14 million, following successful negotiations with the landowner. The purchase of the Land received the required approval from the Overseas Investment Office of New Zealand on 25 July 2012.

Improving the economics of the Takitimu operations was Bathurst's key motivation for acquiring the Land. The key benefits of the acquisition are that Bathurst will no longer be required to make ongoing royalty payments to the land owner and having full access to the area will result in a significant reduction in the costs of handling and storing overburden. 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.

The acquisition will reduce the Company's cash balance however the payment will be made over two separate instalments over a 5 month period and, as outlined above, Bathurst still expects that the Escarpment Mine Project will continue to be fully funded.

5.2 Exploration

Black Diamond (EP51260)

During the quarter the Company has been compiling the results from the drilling programme which took place in February to April. Modeling of this coal has commenced and further drilling for Black Diamond will take place later in FY13.

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 June 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	8,321	33,340
1.2 Payments for		
(a) exploration & evaluation	(1,970)	(8,393)
(b) development	(1,062)	(4,343)
(c) production	(8,009)	(31,111)
(d) site administration	(1,986)	(5,248)
(e) corporate office	(2,183)	(6,365)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	900	3,892
1.5 Interest and other costs of finance paid	(36)	(187)
1.6 Income taxes paid	(51)	(1,076)
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(6,076)	(19,491)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	(7,567)
(b) equity investments (net of cash acquired)	-	-
(c) other fixed assets	(378)	(5,778)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	8
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (Advance for CPP Engineering Design & Construction)	-	(3,169)
Net investing cash flows	(378)	(16,506)
1.13 Total operating and investing cash flows (carried forward)	(6,454)	(35,997)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(6,454)	(35,997)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,016	3,004
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(217)	(841)
1.18	Dividends paid	-	-
1.19	Other (Payment of Capital Raising Costs)	(12)	(63)
	Net financing cash flows	787	2,100
	Net increase (decrease) in cash held	(5,667)	(33,897)
1.20	Cash at beginning of quarter/year to date	59,586	87,419
1.21	Exchange rate adjustments to item 1.20	(96)	301
1.22	Cash at end of quarter	53,823	53,823

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	322
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

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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	6,466	2,038
3.2 Credit standby arrangements	nil	nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration, consenting and evaluation	3,005
4.2 Development	-
4.3 Production	7,553
4.4 Administration & Corporate	3,240
Total	13,798

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	9,451	17,492
5.2 Deposits at call	44,372	42,094
5.3 Bank overdraft	-	-
5.4 Other (Deposit on Trust)	-	-
Total: cash at end of quarter (item 1.22)	53,823	59,586

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				

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6.2 Interests in mining tenements acquired or increased	40591	All interests are held through 100% owned subsidiary.	0%	100%
	51078		0%	100%
	40628		0%	100%
	53756		0%	100%
	53047		0%	100%
	53614		0%	100%

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.

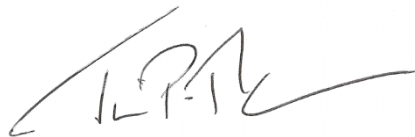
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference ⁺securities	N/A			
7.2 Changes during quarter	N/A			
7.3 ⁺Ordinary securities	695,747,997	695,747,997		
7.4 Changes during quarter				
(a) Increases:				
- exercise of options	2,000,000	2,000,000	\$0.40	\$0.40
- exercise of options	300,000	300,000	\$0.36	\$0.36
(b) Decreases				
7.5 ⁺Convertible debt securities	N/A			
7.6 Changes during quarter	N/A			
7.7 Options <i>(description and conversion factor)</i>	1,000,000		<i>Exercise price</i> 37.8 cents	<i>Expiry date</i> Various
	666,667		15.5 cents	16 June 2013
	16,000,000		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
	26,700,000		40 cents	31 Dec 2013
	2,000,000		85 cents	31 Dec 2013
	2,000,000		113 cents	31 Dec 2013
7.8 Issued during quarter				
7.9 Exercised during quarter	2,000,000		40 cents	31 Dec 2013
	300,000		36 cents	15 Nov 2013
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

(1) The value assigned here was the value on the date of issue; these shares were issued as part of the acquisition of the Brookdale assets. No cash was received on the issue of these shares.

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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: 30 July 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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+ See chapter 19 for defined terms.

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