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29 April 2011

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

QUARTERLY ACTIVITIES AND CASH FLOW REPORT 31 MARCH 2011

Please find attached the Quarterly Activities and Cash Flow reports for the quarter ended 31 March 2011.

Yours faithfully

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

Hamish Bohannan
Managing Director

For further information contact

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ASX & NZSX Release

29 April 2011

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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 31 March 2011):

613,441,330 Ordinary Shares

75,617,443 Unlisted Options

ASX & NZSX Code:

BTU

¹ Refer to section 4 of this report.

QUARTERLY ACTIVITIES REPORT FOR THREE MONTHS ENDED 31 MARCH 2011

1. Highlights

- ❖ Bathurst becomes a New Zealand coal producer with the completion of the acquisition of the Eastern Resources Group.
- ❖ Appointment of Brightwater Engineering to construct the Buller Coal Project plant
- ❖ Secured Heads of Agreement for Port Access.
- ❖ Local Authority hearing date for environmental approvals set for 7 June 2011;
- ❖ Appointment of UBS as corporate advisers.

2. Overview

The Board of Bathurst Resources Ltd (“Bathurst”) is pleased to present its quarterly activities report ending 31 March 2011.

Following on from the completion of the Definitive Feasibility Study (“DFS”) for the Escarpment and Deep Creek blocks at the Company’s Buller Coal Project in the December 2010 quarter, focus was directed towards obtaining the required Resource Consents and Access and Concession Permits.

During the March 2011 quarter Bathurst completed the acquisition of the Eastern Resources Group (“Eastern”) which includes two operating coal mines, Takitimu in the Ohai region of New Zealand, and Cascade on the Buller Plateau. The acquisition also includes the strategically important and highly prospective Whareatea West exploration permit adjacent to Bathurst’s Escarpment block. The acquisition adds substantially to the Company’s JORC Resources by 25.7 Mt¹ giving a total Company JORC position of 72.8 Mt¹.

Subsequent to the end of the March quarter, Buller Coal Limited, a wholly owned subsidiary of Bathurst, appointed Brightwater Engineering to construct the Buller Coal Project’s Coal Processing Plant and associated facilities. Brightwater is a West Coast New Zealand firm and this contract will contribute significantly to the local economy and to local employment.

In February 2011 Bathurst entered into a Heads of Agreement with Westport Harbour to gain the exclusive use of a coal handling facility to ship coal from the company’s Buller Coal Project. This is a key milestone in finalising the logistics chain that will see the value of the Buller coal field realised in international markets. Westport Harbour will construct a coal unloading system, stockpile area, ship loader and a wharf.

2. Overview (continued)

Coal will be transported by rail from the Buller Coal Project to the port from where Westport Harbour will provide coal handling services to receive, unload, stockpile, store and load vessels. Bathurst is continuing to explore options to ship some of its future production through Lyttelton.

During the quarter Bathurst also appointed investment bankers UBS as the company's corporate advisers.

3. Background - Buller Coalfield

The Buller Coalfield is situated on the west coast of the South Island of New Zealand. It is regarded as one of the country's most significant fields and is particularly well known for its production of high quality, low ash and high fluidity coking coals.

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

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

4. Buller Project

During the quarter Bathurst appointed the Brightwater Engineering group to construct the Coal Processing Plant and associated facilities at the Buller Coal Project. Brightwater is a well established engineering group with offices in the West Coast of the South Island as well as Auckland, Nelson, Melbourne and Perth. Brightwater is involved in all facets of turnkey supply projects including design, site preparation, construction, installation and commissioning.

In addition, during the quarter, Bathurst secured a heads of agreement with Westport Harbour to gain exclusive use of a coal handling facility to ship coal from the Buller Coal Project. Under this agreement Westport Harbour will construct a coal unloading system, stockpile area, ship loader and a wharf. Coal will be transported by rail from the Buller coal project to the port from where Westport Harbour will provide coal handling services to receive, unload, stockpile, store and load vessels.

4.1 Development plans

Bathurst's target is to be producing premium hard coking coal from the Buller Project in the December quarter of 2011. Mining is expected to commence at the Escarpment block initially at an annual rate of 650 ktpa increasing to 1 mtpa by 2013. A second mining block, Deep Creek, is scheduled, subject to permitting, to be brought into production in 2013 allowing production to increase 2 mtpa.

The company proposes to undertake studies into the northern blocks of the Buller project and investigate the potential to replicate the development strategy and double output by producing an additional 2 mtpa of coal from this area.

Exploration drilling to increase the resource base and confirm the coal qualities of these blocks is scheduled for the second half of 2011. Exploration in the March quarter focused on resource conversion and upgrade within the South Buller area with drill rigs operating at the Whareatea West exploration permit.

4. Buller Project (continued)

4.2 Reserves & Resources

Total JORC Resources (inclusive of Reserves) for the Buller Project are now 72.8 Mt and are divided into North and South Buller as shown below:

JORC Resources:

NORTH BULLER			
Status	Prospect	Mt	Total (Mt)
Indicated	North Buller	4.8	19.9
	Blackburn	10.8	
	Millerton North	4.3	
Inferred	North Buller	9.0	9.0
TOTAL			28.9

SOUTH BULLER			
Status	Prospect	Mt	Total (Mt)
Measured	Escarpment	3.8	28.0
	Deep Creek	6.2	
	Whareatea West	18.0	
Indicated	Escarpment	1.6	12.4
	Deep Creek	3.1	
	Whareatea West	7.7	
Inferred	Escarpment	1.9	3.5
	Deep Creek	1.6	
TOTAL			43.9

Current Reserve Estimate (all South Buller):

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

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

The Takitimu thermal coal project contains the following JORC resources:-

TAKITIMU	
Status	Total (Mt)
Measured	0.7
Indicated	2.4
Inferred	0.1
TOTAL	3.2

Competent Persons Statements:

The information in this Section 4.2 that relates to exploration results and mineral resources for Deep Creek, as well as mining reserves for Escarpment and Deep Creek is based on information compiled by Neil Fraser who is a full time employee of Marston International Pty Ltd and is a member of the Australasian Institute of Mining and Metallurgy. Mr Fraser has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Fraser consents to the inclusion in this report of the matters based on his information in the form and context in which it appears above.

4. Buller Project (continued)

Competent Persons Statements (cont):

The information in this Section 4.2 that relates to exploration results and mineral resources other than Deep Creek, Whareatea West, Takitimu, and Takitimu Adjoining Land is based on information compiled by Dr James Pope, of CRL Energy of Christchurch New Zealand who is a consultant to the company through CRL Energy and is a member of the Australasian Institute of Mining and Metallurgy. Dr Pope has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Pope consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this Section 4.2 that relates to Coal Resources for Whareatea West (EP 40591), Takitimu (ML 37079) and the Takitimu Adjoining Land is based on information compiled by Mr Ian Poppitt of Linsdee Holdings Pty Ltd, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Poppitt has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code. Mr Poppitt consents to the inclusion in the ASX release of the matters based on the information in the form and context in which it appears.

4.3 Project Approvals

An access arrangement and concession agreement from the Department of Conservation and environmental consents from the West Coast Regional Council and the District Council are the final approvals required for Bathurst to begin construction and mining.

During the public submissions phase late last year, 96 different submissions were received; 48 of which were in favour of the project with the rest ranging from neutral to raising some concerns. Bathurst is now undertaking a rigorous program addressing each of the parties and the concerns that were raised.

Subsequent to the end of the quarter, the company was advised that the public hearing for its applications for resource consents (environmental approvals) for the proposed Escarpment mine and related facilities will begin in Westport, New Zealand on 7 June 2011 (refer ASX announcement on 27 April 2011).

Should the resource consents be approved and the various land access arrangements be finalised, provided there are no appeals to the Commissioners' decision, the company anticipates starting work on the Escarpment Project late in 2011 allowing for first coal production in December. Any coal produced that requires washing before the washplant is commissioned will be stockpiled and treated in due course.

5. Eastern Resources Acquisition

In November 2010, Bathurst entered into a Share Purchase Agreement with Galilee Energy Limited ("Galilee", ASX: GLL) to acquire its New Zealand coal assets owned by its wholly owned subsidiary Eastern Resources Group Limited ("Eastern").

The acquisition included:

- Whareatea West exploration tenement containing JORC Resources of 25.7 million tonnes directly adjacent to Bathurst's Escarpment Block (refer section 4.2);
- the Cascade operating coal mine on the Denniston Plateau, also adjacent to Bathurst's Escarpment block; and
- the Takitimu operating thermal coal mine in the Ohai region of New Zealand

The transaction was settled on 18 March 2011 at which time Bathurst assumed control of the Eastern operations.

5. Eastern Resources Acquisition (continued)

On completion, Bathurst paid A\$25.7 million, with a balance of approximately A\$6 million due in May once the Eastern acquisition accounts are finalised.

Bathurst is now a New Zealand coal producer.

6. Eastern Resources Group Activities

Production

Production at the Company's two operating mines was slightly higher than forecast for the quarter. No Lost Time Injuries were reported for the period at either mine site.

Cascade Coal Limited (MP 41455)

The Cascade open cut mine is situated on the West Coast of the South Island adjacent to the Buller Coal Project. The mine produces on average 45,000 tonnes per annum of high value low contaminant coal for the local industrial market. Operations after the disruptions due to rain in the previous quarter have returned to normal. Stripping has been completed in the Durkins Block with coal winning continuing in this area.

Construction has been completed on a new mine access road which has allowed the stripping at the Adams Block to commence with overburden being dumped into the exhausted Durkins Block.

Investigations are underway to assess the viability of increasing coal production and extending the mine life with resources identified in the Escarpment block that might not otherwise have formed part of the South Buller Project.

Takitimu Coal Limited (ML 37079)

The Takitimu mine is located in the Nightcaps area, north of Invercargill. The mine's largest customer is dairy producer, Fonterra. Sub-bituminous coal from the open cut operations is railed to Fonterra's Clandeboye milk processing plant at Temuka. The mine also supplies other large industrial users in the Southland and Canterbury areas.

Stripping and coal winning are underway in the Eastern Highwall block which will establish the final pit limit to the East. The exhausted pit is progressively being backfilled as coal winning progresses. Coal winning is continuing into the neighbouring block which is under a separate royalty agreement.

Consents for the future Coaldale block have been lodged with both councils and will be subject to the normal regulatory timeframes.

Production for Cascade & Takitimu mines for the quarter ended 31 March 2011

Production (t)	Overburden (bcm's)	Sales (t)	Sales (NZ\$)	Sales (A\$)
54,996	480,026	69,411	5,341,089	4,014,046

Note: the above information relates to the full March 2011 quarter. Bathurst had a beneficial interest in the Eastern Resources Group results from 18 March 2011 onwards.

6. Eastern Resources Group Activities (continued)

Exploration

Whareatea West (EP 40591)

The Whareatea West exploration permit is located on the Denniston Plateau within the Buller Coal Project area. The permit is highly prospective for coking and thermal coal.

The exploration drilling program that commenced in December 2010 was completed under budget in January 2011. Washability and coal analysis testing for this permit area is currently underway.

The second stage of the eleven hole drilling program will commence in the June 2011 quarter.

A mining scoping study is also being completed as part of the work program to December 2011.

Albury (PP 52484)

The Albury Prospecting Permit was granted in October 2010. The permit covers an area of 835 hectares near Albury, northeast of Timaru. Historical data suggests the area is prospective for thermal coal. Initial activities planned under the permit will include land owner negotiations, field mapping and spot sampling. Currently historical information is being compiled. Negotiations have commenced with the land owner and field mapping is planned early in the next Quarter.

7. Corporate

7.1 Appointment of UBS

During the quarter Bathurst appointed international investment bankers UBS as corporate advisors. UBS is one of the world's leading full service investment banks with a significant depth of experience in the coal sector, both in Australia and globally.

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")

31 March 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	2,157	2,157
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(776) (1,127) (763)	(2,526) (1,127) (5,189)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	704	1,191
1.5 Interest and other costs of finance paid	(44)	(82)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	151	(5,576)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (net of cash acquired) (c) other fixed assets	 (24,669) (80)	 (61,542) (663)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		(391)
Net investing cash flows	(24,749)	(62,596)
1.13 Total operating and investing cash flows (carried forward)	(24,598)	(68,172)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(24,598)	(68,172)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	828	115,049
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(12)	(12)
1.18	Dividends paid		
1.19	Other (Prospectus costs incurred by ERG)	(224)	(6,302)
	Net financing cash flows	592	108,735
	Net increase (decrease) in cash held	(24,006)	40,563
1.20	Cash at beginning of quarter/year to date	72,845	8,276
1.21	Exchange rate adjustments to item 1.20	5	5
1.22	Cash at end of quarter	48,844	48,844

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	309
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

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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	3,066	2,661
3.2 Credit standby arrangements	nil	nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	848
4.2 Development	4,817
4.3 Production (relating to coal winning activities of the Eastern operations)	2,152
4.4 Administration	2,101
Total	9,919

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	9,387	2,852
5.2 Deposits at call	39,457	44,135
5.3 Bank overdraft	-	-
5.4 Other (Deposit on Trust)	-	25,858
Total: cash at end of quarter (item 1.22)	48,844	72,845

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased	MP 41455 ML 37079 EP 51260 EP 40591 PP 52484	All interests are held through 100% owned subsidiary.	0% 0% 0% 0%	100% 100% 100% 100%

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Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

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

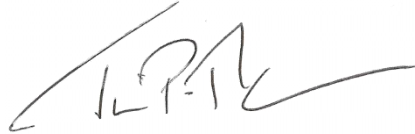
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference ⁺securities	N/A			
7.2 Changes during quarter	N/A			
7.3 *Ordinary securities	613,441,330	613,441,330		
7.4 Changes during quarter				
(a) Increases:				
- exercise of options	264,576	264,576	\$0.208	\$0.208
- exercise of options	2,500,000	2,500,000	\$0.30	\$0.30
- exercise of options	100,000	100,000	\$0.10	\$0.10
- exercise of options	50,000	50,000	\$0.308	\$0.308
(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>)			<i>Exercise price</i>	<i>Expiry date</i>
	1,000,000		20.8 cents	12 Sept 2011
	3,900,000		37.8 cents	Various
	100,000		30.8 cents	31 Oct 2011
	2,000,000		10 cents	30 June 2012
	2,333,334		15.5 cents	16 June 2013
	20,500,000		10.8 cents	30 Sept 2013
	1,000,000		21 cents	30 Sept 2013
	1,000,000		16.8 cents	30 Sept 2013
	14,784,109		36 cents	16 Nov 2013
	29,000,000		40 cents	31 Dec 2013
7.8 Issued during quarter	Nil	Nil		
7.9 Exercised during quarter	264,576	264,576	20.8 cents	31 Dec 2010
	2,500,000		30 cents	15 May 2013
	100,000		10 cents	30 June 2012
	50,000		30.8 cents	31 Oct 2011
7.10 Expired during quarter				
7.11 Debentures (<i>totals only</i>)				
7.12 Unsecured notes (<i>totals only</i>)				

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 29 April 2011
(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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