

19 August 2008

Australian Securities Exchange
Level 8
Exchange Plaza
2 The Esplanade
Perth WA 6000



COAL PROJECT UPDATE, KENTUCKY USA

Bathurst Resources Limited ("Bathurst") is pleased to announce that since signing an Agreement to acquire 100% of C&R Holding of Eastern Kentucky LLC ("C&R"), a company with coal mining and exploration interests in the Appalachian Basin Coal Field in Kentucky, USA, the first of four coal projects held by C&R has achieved production targets and the second project has commenced production. There are four projects within the company with the second two projects scheduled for commissioning in 2009.

Highlights

- Tarkiln (Morgan) produces 26,881 tonnes of thermal coal in July
- Sales Revenue of US\$2,550,000 returning approximately US\$556,000 cash surplus at Tarkiln for July
- Average revenue per tonne US\$95
- Feds Creek ramping up with modest 1,654 tonnes of metallurgical quality coal produced during the month
- Mill Creek mining permit received with production scheduled for early 2009

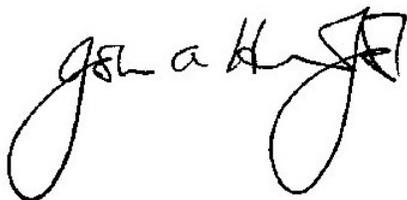
The Tarkiln (Morgan) Project, which commenced production in February, has now reached steady state production having produced 26,881 tonnes of thermal coal in July. This coal was sold direct to coal yards in Kentucky for US\$2,550,000 averaging US\$95 per tonne of coal. After all expenses, including capital costs, royalty payments, some residual commissioning costs and overheads, a cash surplus of approximately US\$556,000 has been reported by the vendors.

Following completion of the transaction, Bathurst would expect to increase production to 40,000 tonnes per month. Received coal prices have continued to increase over the period and Bathurst is reviewing longer term contract options.

Feds Creek commenced production during the month, producing 1,654 tonnes of metallurgical quality coal, also sold into the Kentucky market. Feds Creek is a smaller operation, though with significantly higher margins due to the quality of

the coal and is expected to reach production targets of 10,000 tonnes per month within the next three months.

The Mill Creek and Gibraltar Projects are not schedule for production until 2009, though the Mill Creek mining permit was recently received.

A handwritten signature in black ink, appearing to read 'John Hannaford', written in a cursive style.

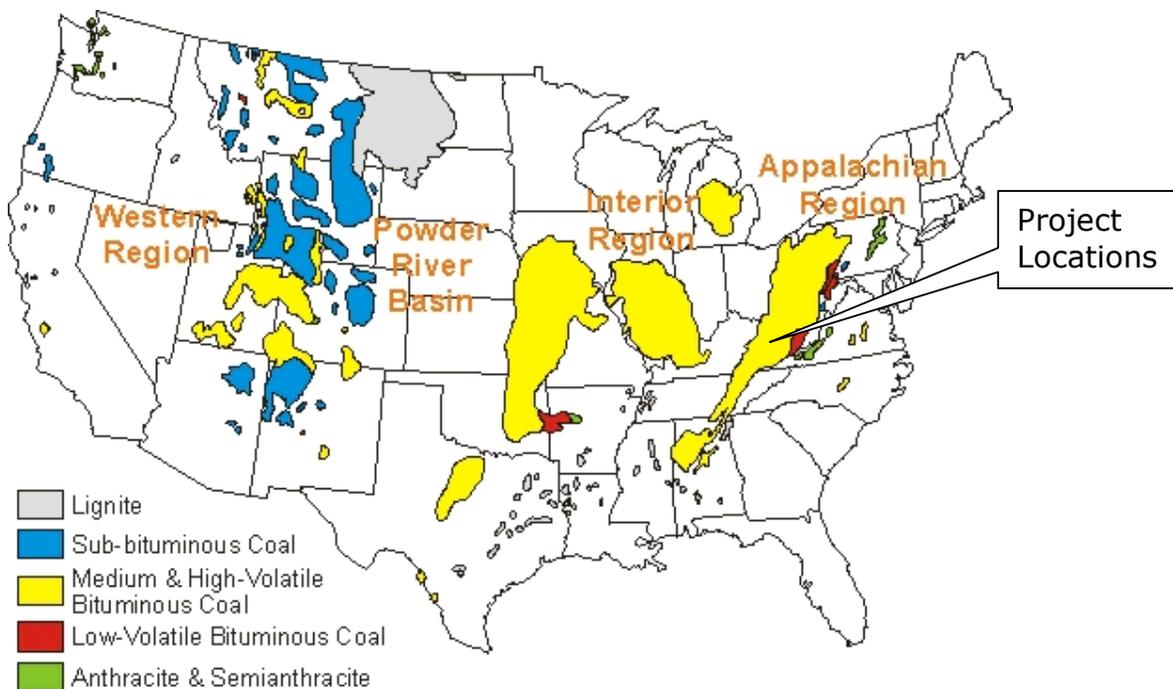
John Hannaford
Chairman
Bathurst Resources Ltd

The information in this announcement that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Ken Fishel who is a consultant to the company and is a member of the American Institute of Professional Geologists which is a Recognised Overseas Professional Organisation accredited by the Australasian Institute of Mining and Metallurgy. Mr Fishel 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 Fishel consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Background Information

As announced on 16 July, Bathurst has secured the option to acquire up to 100% of C&R Holding of Eastern Kentucky LLC, a privately owned company that has operating coal mining assets in Kentucky, USA. A shareholders meeting has been called on September 8th to vote on the acquisition.

On completion, Bathurst will hold an interest in a company with two operating coal mines in Kentucky. The current Resource/Reserve position and production profile of C&R are modest and are a reflection of current operational procedure which is to prove up sufficient resources for 6 to 12 months production only. Bathurst plans to embark on a programme of increasing the production profile of C&R and building a substantial coal resource inventory in the Appalachian Basin through expansion of the current projects as well as acquiring further projects.



Coal Assets

C&R has secured leases covering coal rights over four project areas in eastern Kentucky at the Tarkiln, Feds Creek, Mill Creek and Gibraltar Projects. Mining permits have been secured on the Tarkiln, Feds Creek and Mill Creek Projects and a permit is expected to be granted on the Gibraltar Project within the coming months. The approvals process for the grant of mining permits in Kentucky typically takes between 10 and 16 months to complete.

Tarkiln Project

Mining operations commenced at the Tarkiln Project in February 2008 and are currently ramping up to full capacity of 40,000 tonnes per month. The mine produced an average of 26,302 tonnes per month of thermal coal between April and July at a substantial operating margin.

The thermal coal is delivered as mined (i.e. no washing, blending or beneficiation is undertaken) to a coal yard on the Big Sandy River, a tributary of the Ohio River, the major "highway" connecting coal mines, power stations and steel works in north-eastern USA. Payment is FOB at the coal yard with payment within seven days. During this four month period the average coal price realised for coal from the Tarkiln mine increased from approximately US\$65/tonne to US\$95/tonne due to the increase of coal quality at the mine and the increase in global coal prices. Coal prices are anticipated to increase further following global trends.

Bathurst is confident that it can significantly increase margins at the Tarkiln mine from adopting more sophisticated practices within the mine as well as from economies of scale across a number of operations going forward. The production costs used in these margins include capital components of leases of mining machinery and there are significant opportunities to refinance these leases in the future thereby reducing cash costs.

Feds Creek Project

Mining operations commenced at the Feds Creek Project in June 2008. This coal is metallurgical coal and is sold in pit for US\$126/tonne thus delivering high per tonne margins. C&R expect to ramp this project up to in excess of 10,000 tonnes per month of metallurgical coal in the coming months.

Mining at both mines is undertaken using open pit or auger/highwall mining methods. There are no significant capital costs apart from preparation of the mine sites. Most of C&R's mining fleet is finance leased and this will be acquired as part of the transaction.

The Mill Creek and Gibraltar Projects are located adjacent to each other and have the capacity to each produce 15,000 tonnes of thermal coal per month.

Mill Creek and Gibraltar Projects

After completion of the transaction Bathurst plans to ramp up the Tarkiln and Feds Creek operations and bring on and ramp up operations at Mill Creek and Gibraltar. This process is expected to be completed in the first half of next year increasing C&R's annualised coal production to approximately 1,000,000 tonnes per annum.

Bathurst will continue to investigate the potential acquisition of permitted coal projects in the Appalachian Basin with a view to further increase the Company's coal inventory and production profile.

Mineral Resources and Ore Reserves

JORC Compliant Mineral Resources and Ore Reserves have been estimated for two of the C&R coal projects. The estimations were undertaken by Stagg Resource Consultants Inc who have extensive expertise in the technical assessment of coal deposits of the Appalachian Basin. It is important to note that the Resources/Reserves and Exploration Targets have been estimated over only

part of the overall project areas and these figures should increase as more geological assessment is carried out in the future.

Mineral Resources and Ore Reserves are set out in the tables below. Note that Ore Reserve estimations are for areas that have a granted mining permit and include mining losses and therefore represent tonnages of coal that can be extracted and sold. Ore Reserves are not reported as a subset of Mineral Resources but as a separate tonnage.

Tarkiln Project

Category	Coal Type	Tonnes
Proved Reserve	Thermal	265,000
Probable Reserve	Thermal	24,000
Total Reserve	Thermal	289,000

This Ore Reserve represents about seven months production at a ramped up production rate of 40,000 tonnes per month. Further tonnes of coal exist within the project area and a further mining permit has been applied for to extend the life of the mine. Stagg Resource Consulting has estimated an Exploration Target of between 350,000 and 700,000 tonnes of thermal coal within the applied mining permit area. These Exploration Targets relate to project areas where there has been insufficient exploration to define a Mineral Resource, and Bathurst notes that it is uncertain if further exploration will result in the determination of a Mineral Resource.

The Mineral Resource and Ore Reserve inventories will be increased over the coming months as the mining permit is granted and further assessment of the project beyond the current mining area is undertaken.

Feds Creek Project

Category	Coal Type	Tonnes
Proved Reserve	Metallurgical	121,000
Probable Reserve	Metallurgical	-
Total Ore Reserve	Metallurgical	121,000

Category	Coal Type	Tonnes
Measured Resource	Metallurgical	303,000
Indicated Resource	Metallurgical	68,000
Total Mineral Resource	Metallurgical	370,000

These figures represent twelve months of Ore Reserves and a further three years of Mineral Resources at the ramped up rate of 10,000 tonnes per month at the Feds Creek Project. The Company will assess an expansion of this mine as an early priority.

Mill Creek and Gibraltar Projects

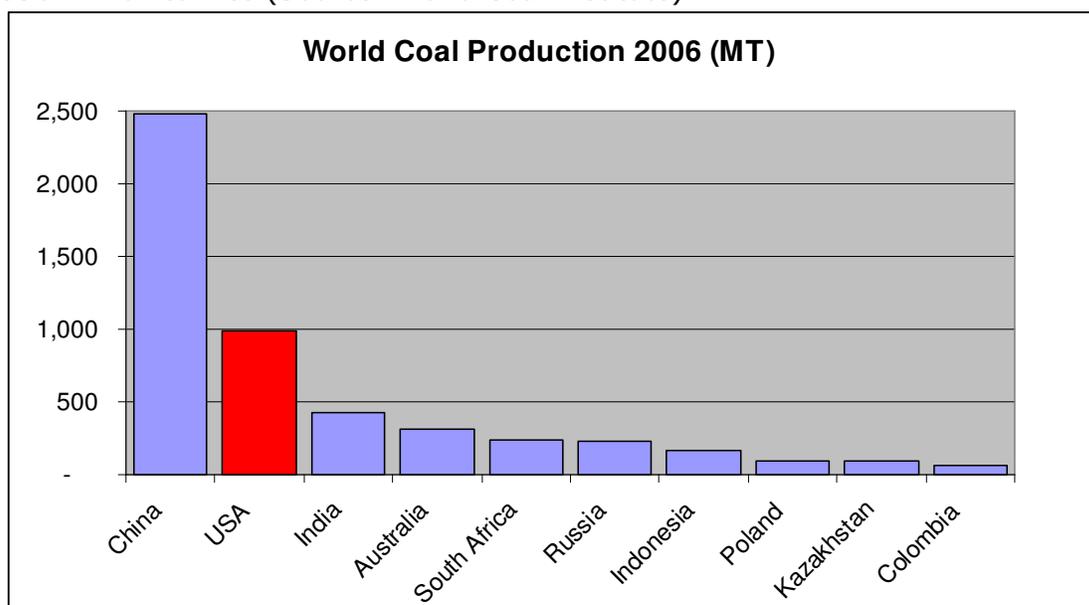
No Mineral Resource or Ore Reserves have been estimated on these projects to date. Mill Creek has an exploration target of 185,000 to 370,000 tonnes of

thermal coal within the applied mining permit area. These exploration targets relate to project areas where there has been insufficient exploration to define a Mineral Resource, and Bathurst notes that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Bathurst will add to the project resource and reserve inventories in the coming months and will employ a strategy of ensuring that the Company holds sufficient Reserves on mining permits to continue, and where appropriate, to expand its mining operations.

Coal in the USA

The USA is the world's second largest producer of coal with 2006 production of 990 million tonnes (Source: World Coal Institute).



The Appalachian Basin has been a prolific source of coal historically producing in excess of 30 billion tonnes and still counts as one of the USA's major coal producers. Coal production has been recorded back as far as 250 years in Kentucky.

Board and Management

Bathurst has also announced the appointment of two new directors to the Company. Hamish Bohannon will join Bathurst as Managing Director and will be responsible for managing all C&R's projects and driving Bathurst forward. Hamish Bohannon is a Mining Engineer with some 30 years experience in the resource industry, starting as a miner with Goldfields in South Africa before completing a degree at the Royal School of Mines. An underground miner at heart, he has been actively involved in many areas of the industry including dredging and open cut mining, processing and smelting. He has since worked around the globe in various metals from Copper and Gold to Nickel and Mineral Sands. Previously CEO of Braemore Resources, Hamish has also held executive positions with Cyprus Minerals, WMC Ltd, Iluka and IAMGold.

Additionally, Billy Shelton, a current member of C&R will join the Board of Bathurst Resources as an Executive Director in charge of the legal and permitting aspects of the Kentucky coal operations. Billy holds a BSc in mining engineering from the University of Kentucky and is a qualified lawyer and partner of Jones, Walters, Turner & Shelton, a Kentucky law firm based in Lexington Kentucky. He has extensive experience in legal aspects of Kentucky coal mining, in particular permitting, occupational health and workers' compensation aspects.