Bathurst
RESOURCES LTD
ACN 125 679 469

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Australian Stock Exchange
Level 8
Exchange Plaza
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Perth WA 6000

ADDITION TO MILL CREEK PROJECT, KENTUCKY USA

Bathurst is pleased to announce that it has concluded negotiations with land and permit holders on land joining the Mill Creek and Gibraltar Projects, allowing the projects to be mined contiguously, providing significant operating benefits as well as adding further exploration potential to the projects.

Whilst the Mill Creek and Gibraltar projects are only a few miles apart, the access to each project was quite separate requiring each project to be stand alone. Acquiring the land between the projects will allow significant savings in access, development and infrastructure costs.

Acquisition of the lease increases the exploration potential with up to 500,000 tons of coal potential in the same seams being mined at Mill Creek and also allows for improved recovery at Gibraltar. Much of the property boundary between the two leases was in coal. Most of this coal would not have been mineable without combining the two properties.

As with the recent Yellow Creek acquisition, this represents a further significant addition to the Company's existing portfolio of coal assets. During the existing poor coal market, Mill Creek is the only one of Bathurst's operations which is producing with target production of 20,000 to 30,000 tons per month. This acquisition substantially improves the Mill Creek production profile, the Company's low cost production source.

The Company continues to be actively engaged in negotiations with various parties on properties that have potential to further enhance the Company's portfolio.

Yours faithfully

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KENTUCKY COAL MINING OPERATIONS OVERVIEW

Introduction

Bathurst Resources Limited is an ASX listed company ("BTU") with head office in West Perth and operations office in Salyersville, Kentucky. Bathurst acquired the coal assets in Kentucky from C&R Holding in September 2008. C&R's assets included four properties of which one, at that time, was operational and a second was being commissioned. The table below summarizes these properties.

Project	Status	Permitted Tonnes	Permit Pending Tonnes	Potential Extension Tonnes
Tarkiln	Operational strip Mine	289,000[1]	720,000[1]	7,620,000[2]
Feds Creek	Operational strip and auger mine	120,000[1]	370,000[1]	508,000[2]
Mill Creek	Ready to commence strip mine	371,000[1]		1,829,000[2]
Gibraltar	Permit In Process strip mine		1,022,000[2]	711,000[2]
TOTAL		**780,000**	**2,112,000**	**10,669,000**

Notes: [1], Stagg Resource Consultants, 2008. 1US ton = 1.1 metric tonnes

Notes: [2], Internal figure provided by C&R, neither validated nor JORC Code compliant

Since then Bathurst has acquired Yellow Creek which has 275,000 permitted tons and exploration potential for some further 8,000,000 tons of thermal coal. More recently Bathurst has acquired additional ground at Yellow Creek further increasing the exploration potential.

In addition to these properties, opportunities in Kentucky, West Virginia and Virginia are being investigated on an ongoing basis. The current downturn in the US coal industry has created a number of opportunities ranging in size from 500,000 tonnes to 120 million tonnes including both open cut and underground operations.

Regional Setting

The Properties variously lie within the Eastern Kentucky Coal Field in the Licking River, Big Sandy, and Princess Reserve Districts (Figure 1). Generally the coal is in multiple seams separated by horizontal layers of sandstones and shales. The Big Sandy Reserve District has been a major producer throughout much of the Twentieth Century and continues to be so to date. The Princess and Licking River Districts have experienced significantly lower production, primarily because of the thinner nature of many of the coal beds and the somewhat lower quality of the coal. Coal seams across districts can be fairly well correlated as there are minimal disturbances due to faulting and folding.

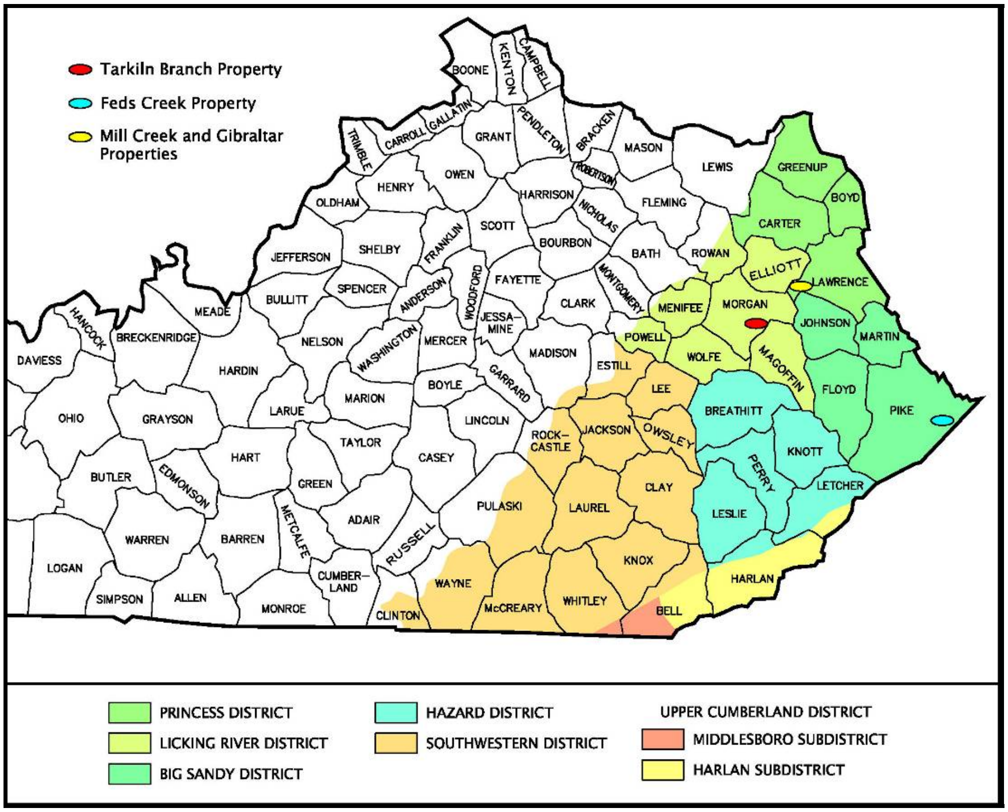

Figure 1. Location of C&R Holding mines

Operations and Projects

The operations are focused on the production of thermal coal for sale into the local power generation market. Coal has been sold on the spot market through agents in Ashlands on the Big Sandy River from where it is barged to nearby power stations on the Ohio River.

Feds Creek in Pike County is different in that the coal is higher quality metallurgical coal which generally commands significantly higher prices. The mine is currently on care and maintenance having been shut down at the end of 2008 with the fall of the US metallurgical coal market. Up to this time, the coal was sold in pit direct to steel producers.

The operating plan for Bathurst upon acquisition of C&R was to bring each of the four mines into production successively to reach a total production of 1,000,000 tons per annum. With the general collapse of the market at the end of last year, coal prices fell to new low levels. Bathurst had contracts for 12000 BTU thermal coal at USD122 per ton in December 2008 and by March 2009 prices received had fallen to less than USD60 per ton. Expansion plans were put on hold and cost cutting measures put in place to reduce operating costs to less than USD45 per ton.

Tarkiln was the first mine opened by C&R Holding and had been operated since February 2008. Production levels of about 30,000 tons per month were achieved with the capacity to increase production to 40,000 tons per month. The coal is in four seams approximately 20 to 30 foot apart. Mining is by open pit methods. Tarkiln itself has sufficient coal reserves to support operations for a couple of years. However the adjoining properties have the potential to extend the mine life well beyond that. Whilst there is recognised coal throughout the area, there is limited drilling and therefore no JORQ compliant resource. This is the general situation throughout the area and results in a low reserve status that does not really reflect land holding. Drilling to convert exploration potential into resources was scheduled to start early in 2009, after the winter period but has since been put on hold. With the downturn in coal prices, Tarkiln has been put on care and maintenance. Of the four thermal properties, it has the highest strip ratios and longest haul to market and therefore the highest operating costs.

Mining at Feds Creek commenced in November 2008 after being suspended during the merger to allow focus on the main operation at Tarkiln. Mining is currently by open cut though there is ability to introduce auger methods into the Highwall as the strip ratio increases. The Company owns two auger machines which were to be introduced to Feds Creek early in 2009. Two seams are permitted and potential exists to exploit other seams in the area. The coal here is of higher quality and is generally sold for a higher price. However with the fall in coal prices, the local metallurgical market has all but dried up. Feds Creek has also been put on care and maintenance until prices recover. Prices of USD138 per ton were being received in pit in December, whereas the market now only supports thermal prices of about USD70 per ton at the wharf which for Feds Creek is about an USD18 per ton haul. Feds Creek has the capacity to produce about 10,000 tons a month open cut mining with a potential to add a further 10,000 tons per month auger mining.

Mill Creek was not permitted at the time of acquisition of C&R and the permit was subsequently approved in January 2009. It is an open cut project with 5 seams with 3 being currently economic to mine. These are generally considered to be of slightly better quality to Tarkiln, despite including some of the same seams. There is also potential to increase the land position. Mill Creek has a much lower strip ratio (12:1) than Tarkiln and is closer to the river. The mining fleet from Tarkiln was relocated to Mill Creek and production levels of 30,000 tons per month are now being achieved from open cutting with potential to add about 5,000 tons per month from auger mining.

Gibraltar is similar to Mill Creek, except that the overburden is more weathered material, requiring less drilling and blasting which should reduce the cost of mining. Mining permit applications are currently in place. Gibraltar is close to Mill Creek and negotiations are ongoing to acquire the land between the two mines to allow contiguous production.

Other Opportunities

There are various properties available to purchase, including projects in Eastern Kentucky and the neighbouring states of West Virginia and Virginia. The Company is looking into projects that generally fall into two categories.

1. Smaller, 200,000 to +3,000,000 ton properties where the vendor has negotiated a deal with adjoining landowners so that a reasonable size permit package can be put together. These are usually undeveloped but may have the necessary approvals in place to commence mining. They typically have limited information available as to quality and tons of coal and the resources/reserves quoted are not of a JORC or similar standard.

   Several opportunities are currently being investigated with a view to increasing mine life in both Morgan and Lawrence Counties. These generally require a small cash deposit followed by tonnage royalty payments. The Yellow Creek property falls into this category.

2. Larger, +10,000,000 tons on large land holdings controlled by small companies. The projects investigated to date have been private companies built up over the last twenty years with significant land holding and small operating mines. Generally these projects have been run on a tight budget with minimal reinvestment in capital for equipment and infrastructure, and that being mostly funded from cashflow. Investment in the refurbishment of wash plants, mobile equipment, underground development and/or other infrastructure offers opportunity to increase production and reduce unit costs.