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31 October 2009

Centralised Company Announcements Platform  
Australian Stock Exchange  
10<sup>th</sup> floor, 20 Bond Street  
Sydney NSW 2000

**QUARTERLY ACTIVITIES AND CASHFLOW REPORT 30 SEPTEMBER 2009**

Please find attached the Quarterly Activities and Appendix 5B Quarterly cashflow reports for the quarter ended September 30, 2009.

Yours faithfully

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

Hamish Bohannan  
Managing Director



## ASX Release

31 October 2009

### BATHURST RESOURCES LTD

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#### Directors/Officers:

TBA – Non-executive Chairman  
Hamish Bohannan – Managing Director  
Billy Shelton – Executive Director  
Charles Griffith – Non-executive Director

Graham Anderson – Company Secretary

#### Issued Capital:

146,324,334 Ordinary Shares  
6,966,667 Listed Options  
17,900,000 Unlisted Options

#### ASX Codes:

BTU  
BTUO

## QUARTERLY ACTIVITIES REPORT FOR THREE MONTHS ENDED 30 SEPTEMBER 2009

### Highlights

- ❖ Coal production of 67,018 tons for the quarter
- ❖ Production from Tarkiln and Mill Creek mines
- ❖ Feds Creek remains on care and maintenance
- ❖ Revenues of AUD\$2.95m for EBITDA loss of A\$1.02m
- ❖ Average operating cost for quarter of US\$54 per ton
- ❖ Average price received for coal US\$43 per ton

### Overview

The Board of Bathurst Resources Ltd ("Bathurst") is pleased to present its quarterly activities report for the quarter ended 30 September 2009.

The Company continued to take steps to reduce its operating costs and preserve its mining resources during the continuing poor coal market. This quarter did not see any recovery in coal prices with prices remaining flat across the quarter. However prices for higher quality thermal coal increased over the quarter, but low BTU high sulphur coal continued to fall.

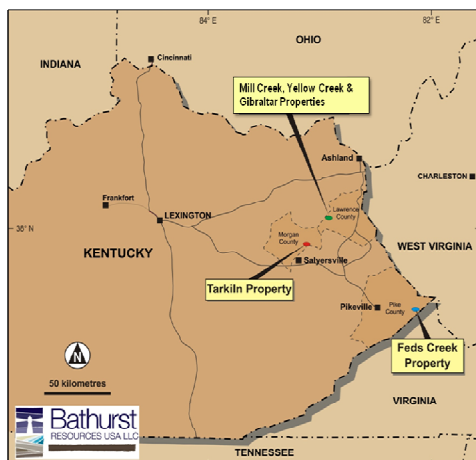
The Company mines four seams of which only one is low BTU, high sulphur coal. So as improve the average price received by the Company and to improve operating flexibility, Tarkiln was restarted in August. Yellow Creek will be brought into production in October replacing Mill Creek, further improving the mix of coal mined as well as reducing haulage costs.

Tight cost control and careful scheduling kept operating costs low, and there were no production issues during the quarter. The Company continued to be lost time injury free.

The Company is actively evaluating opportunities to acquire further coal resources and exploration potential.

During June and July, the Company raised A\$1.7m through a placement of shares and an SPP to provide ongoing working capital as well as to support ground acquisition.

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USA Coal Asset Project Locations



Loading Coal at Mill Creek

## Operating Summary

Set out below are C&R Holding's unaudited US Operating results for the quarter ended 30 September 2009:

Tons Mined		
	Total Q1	Total Q4
<b>Tarkiln</b>	19,375	0
<b>Feds Creek</b>	0	0
<b>Mill Creek</b>	45,346	55,376
<b>Total tons mined</b>	<b>64,721</b>	<b>55,376</b>
<b>Total tons sold</b>	<b>67,018</b>	<b>55,194</b>

US Profit/Loss		
	US\$'000	US\$'000
Operating Expenses	-\$3,533	-\$2,874
Revenue	\$2,853	\$2,443
<b>Operating profit</b>	<b>-\$679</b>	<b>-\$432</b>

Unit Values		
	US\$/ton	US\$/ton
Cost per Ton	-\$54.58	-\$51.91
Avg Price per Ton	\$42.58	\$44.26

\* All figures in US\$ and short tons

At the end of the quarter, the Company had an outstanding receivable from one coal merchant amounting to USD\$23,546. Actions have been instigated for the recovery of this money together with the US\$474,413 from another coal merchant that was written off last quarter.



Coal loading



Coal weighing and sampling at Big Sandy coal wharf

## USA Coal Projects

### **Mill Creek and Tarkiln**

With the reduction in price received for the lower quality Peach Orchard seam and so as not to be exposed to production issues as occurred last quarter, one of the equipment spreads was relocated back to Tarkiln in August. This has improved operational flexibility and reduced the amount of Lower Peach Orchard mined. Although this was offset to some extent by the initial start up and relocation costs.

Notwithstanding, production was without incident during the quarter with good weather and no operating incidents.

### **Feds Creek**

Feds Creek continued on care and maintenance through the quarter with only environmental and remedial work undertaken, so as to progress the release of bonds.

The mine is permitted and ready for production and can be restarted at short notice should market conditions improve. At the current time, there are no metallurgical contracts available though the coal could be sold at a discount into the thermal market

### **Yellow Creek**

Yellow Creek, situated in Lawrence County, is slightly closer to the sales wharves than Mill Creek. Following conclusion of the necessary agreements with stakeholders, preparations are being made to start mining Yellow Creek as the next production site.

Yellow Creek should have a slightly better cost profile than Mill Creek due to lower haulage costs and will subsequently become the Company's primary source of coal production.

Having both Mill Creek and Yellow Creek mines operating should reduce the Company's exposure to operational glitches such as the recent issue with the blasting contractor at Mill Creek.



Coal sampling at wharf



Coal trucks leaving site

### **Other Production Opportunities**

The Company continues to actively evaluate further opportunities to increase its resource base.

### **Cost Management**

In addition to the steps already taken operationally to reduce costs and improve margins, the Company has successfully renegotiated its insurances which will result in monthly cost savings from November. Management took salary cuts in February this year and this has now been matched by the operators who took a \$2.00 cut from October.

Following the acquisition of a drill rig to cost savings of about US\$3 per ton at the Mill Creek operations over previous contractor based operations, a second rig has been sourced for use at Tarkiln. Emulsion explosives have also been introduced rather than ANFO used previously, opening the blasting pattern to further reduce costs. This should have impact from October.

### **Marketing**

Bathurst is continuing to sell coal into the spot market on a monthly basis. To date, all production has been fully sold. Coal prices were fairly flat through the last quarter and appeared to bottom in May with a slight improvement in June and July. Prices for good coal have continued to strengthen but the market for LPO has weakened. The changes to the operating schedule, reducing the amount of LPO coal mined will improve average prices received next quarter.

## **Corporate**

During the quarter, the Company completed a placement and SPP raising A\$2.253m to provide ongoing working capital as well as to support ground acquisition.

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## ASX Announcements

The Company made the following announcements during the quarter:

30/09/2009	Delay Lodgement of 2009 Annual Report
30/09/2009	Trading Halt
30/09/2009	Appendix 3B
29/09/2009	2 x Change in substantial holding
11/09/2009	Appendix 3B
10/09/2009	Final Director`s Interest Notice
8/09/2009	Director Appointment/Resignation
27/08/2009	Appendix 3B
17/08/2009	Change of Director`s Interest Notice
17/08/2009	Appendix 3B
3/08/2009	Top 20 Securityholders and Distribution Schedule
3/08/2009	Change of Company Secretary and Address
3/08/2009	Quarterly Activities and Cashflow Report
30/07/2009	Appendix 3B
29/07/2009	Change of Director`s Interest Notice
29/07/2009	Change of Director`s Interest Notice
23/07/2009	Top 20 Securityholders and Distribution Schedule
22/07/2009	Appendix 3B
17/07/2009	Results of Meeting
14/07/2009	Share Purchase Plan Extended
13/07/2009	Addition to Mill Creek Project Kentucky USA
9/07/2009	Extension of Yellow Creek Project
8/07/2009	Change in substantial holding
8/07/2009	Change in substantial holding
8/07/2009	Change in substantial holding

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Bathurst Resources Ltd

ABN

125 679 469

Quarter ended ("current quarter")

30 September 2009

#### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	2,946	2,946
1.2	Payments for (a) exploration and evaluation	-	-
	(b) development	-	-
	(c) production	(3,773)	(3,773)
	(d) administration	(570)	(570)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	2	2
1.5	Interest and other costs of finance paid	(45)	(45)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	<b>Net Operating Cash Flows</b>	<b>(1,016)</b>	<b>(1,016)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a)prospects		
	(b)equity investments		
	(c) other fixed assets	(174)	(174)
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 - Cash Acquired upon Acquisition		
	- Bonds deposited	(17)	(17)
	- Payments for acquisition of subsidiary		
	<b>Net investing cash flows</b>	<b>(191)</b>	<b>(191)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(1,631)</b>	<b>(1,631)</b>

Appendix 5B  
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,631)	(1,631)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	2,253	2,253
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(256)	(256)
1.18	Dividends paid		
1.19	Other - Capital Raising Costs - Factoring fees on coal sales	(48)	(48)
<b>Net financing cash flows</b>		1,948	1,948
<b>Net increase (decrease) in cash held</b>		317	317
1.20	Cash at beginning of quarter/year to date	243	243
1.21	Exchange rate adjustments to item 1.20	394	394
1.22	<b>Cash at end of quarter</b>	954	954

**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	65
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

The amount above includes payments to Directors, their associated companies and a company involved with an ex Director Richard Monti relating to the provision of consulting fees, company secretarial services, accounting and bookkeeping, and the provision office accommodation on commercial terms.

**Non-cash financing and investing activities**

2.1

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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		
- Unsecured loans from KES (a)	909	909
- Director loans	62	62
- Coal loan facility (b)	616	284
(a) On completion of the acquisition of C&R Holding, the Company assumed liability for a loan of US\$1,160,000 which is repayable at US\$20,000 per week.		
(b) US\$500,000 coal loan facility, repayable via delivery of coal in the remainder of the calendar year, of which US\$250,000 was drawn down at 30 June 2009.		
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	3,000
4.4 Administration	500
<b>Total</b>	<b>3,500</b>

### 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	954	243
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>954</b>	<b>243</b>

### 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			

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 <b>Preference</b> <b>*securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	145,124,334	141,974,336		
7.4 Changes during quarter Increases (a) Options exercised Private placement Share purchase plan Issued on acquisition  (b) Decreases through returns of capital, buy-backs	35,228,500 43,560,000		\$0.05 \$0.05	\$0.05 \$0.05
7.5 <b>*Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	12,716,667 250,000 3,900,000 4,000,000	6,966,667	<i>Exercise price</i> 25 cents 35 cents 42 cents 10 cents	<i>Exercise date</i> 31/12/10 31/10/11 Various 30/06/12
7.8 Issued during quarter	4,000,000		10 cents	30/06/12
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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: 31 October 2009  
(Company secretary)

Print name: Graham Anderson

## 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Cash Flow Statements* 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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