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ASX Announcement

12 November 2009

Bathurst signs agreement to reverse C&R Holding acquisition

Settlement Agreement

Bathurst Resources Ltd ("Bathurst") advises that in Kentucky on 9 November 2009 a settlement agreement between Bathurst, C&R Holding of Eastern Kentucky LLC ("C&R"), and the original vendors of C&R was executed which has the result of effectively reversing the acquisition of C&R which was first announced to ASX on 16 July 2008 and approved by shareholders at a general meeting held on 8 September 2008.

This settlement agreement has been executed as a result of a dispute that has arisen in relation to substantial and fundamental matters relating to the original purchase agreements. The parties have agreed to settle the Dispute without admission of liability on any part or admission of any matter alleged as part of the Dispute

Significant matters contained in the settlement agreement are as follows:

- Bathurst will transfer the ownership of C&R back to the original vendors as at 9 November 2009;
- The original vendors will transfer the 58,900,001 shares they hold in Bathurst back to Bathurst as at 9 November 2009. Bathurst intends to cancel these shares issued as consideration for the original purchase, and related matters;
- C&R will make a payment to Bathurst of US\$5,000,000 by way of a monthly 'royalty' equivalent to 2% of the Net Sales Price of coal sold during the preceding month by C&R and all Related Entities where the sales price, less applicable transport expense, exceeds US\$65.00 per ton;
- Bathurst will retain the Feds Creek Project in Pike County and all related permits;
- All parties have agreed to release the other parties from any claims arising from the dispute, the original purchase agreement and other associated agreements.

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After the proposed cancellation of the 58,900,001 shares currently held by Mr Shelton, Mr Bowling and Mr Williams, Bathurst will have 87,424,333 shares on issue.

The Feds Creek Project contains metallurgical coal. The Mineral Resource and Ore Reserve inventories for Feds Creek are set out below:

Category	Coal Type	Tonnes
Proved Reserve	Metallurgical	110,300
Probable Reserve	Metallurgical	-
Total Ore Reserve	Metallurgical	110,300

Category	Coal Type	Tonnes
Measured Resource	Metallurgical	302,600
Indicated Resource	Metallurgical	67,800
Total Mineral Resource	Metallurgical	370,400

Feds Creek is currently on care and maintenance 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.

In addition to its assessment of the Feds Creek project, Bathurst is actively evaluating a number of other advanced coal projects in the United States and elsewhere in the world.

The Board believes that the execution of the settlement agreement places the company in both a sound financial, and a favourable strategic, position to benefit from future appreciation in the coal price and to take advantage of potential complimentary acquisition opportunities.

The Board intends to seek ratification by shareholders of the settlement agreement at the forthcoming Annual General Meeting of the Company, which will be called in due course after finalisation of the 2009 Annual Report and associated audit. This will be accompanied by an Independent Experts Report as required by the ASX Listing Rules. Shareholders should note that the shares in Bathurst Resources Ltd will continue to be suspended from quotation on ASX Ltd until completion of the Annual General Meeting and compliance with ASX Listing Rules.

Board Changes

Mr Gerald Cooper has been appointed as a Director of Bathurst Resources Ltd. Mr Cooper has been Bathurst's VP Operations USA for the last 14 months. Gerry, who is a qualified Marine Engineer, served for a number of years as a seagoing engineer before moving onto the power generation field. Following emigration to Australia, he worked within the mining industry in Engineering & Maintenance related roles for Monadelphous Engineering, Cyprus Gold, Arimco, Copper Mines of Tasmania, Pegasus Gold, Acacia Resources and WMCF Phosphate Hill. Gerry subsequently moved overseas to work for AshantiGold in Guinea and Iluka Resources in the United States. Gerry was Group Engineering Manager for IAMGold before returning to Australia in 2007 and taking up a position as VP Engineering & Maintenance with Braemore Resources.

Mr Billy Shelton has resigned as a Director of the Company.

Yours sincerely,



Hamish Bohannon
Managing Director
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.

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