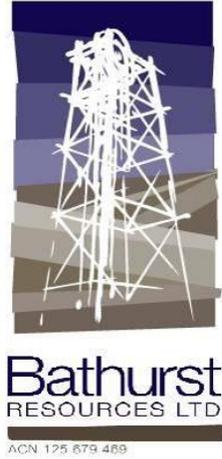


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Centralised Company Announcements Platform  
Australian Stock Exchange  
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## **BATHURST FINALISES PURCHASE TERMS FOR BULLER PROJECT**

Bathurst Resources Limited (“Bathurst”) is pleased to announce that it has concluded discussions on the Sale and Purchase Agreement to purchase the Buller Coal Project in New Zealand from L&M Coal Holdings Limited (“L&M”).

The terms of the Agreement are consistent with those agreed with L&M in a Letter of Intent which was announced on 24 February 2010. Bathurst’s due diligence over the February – May 2010 period has proved positive on both the commercial terms and the prospects for a >1 mtpa coal mine with at least 30 years mine life as part of the Project.

In addition over the last 3 months, Bathurst’s confidence in the investment merits of Buller Project has been improved by:

- An increase in the coking coal contract price to over US\$200/t;
- The results of drilling at the Escarpment;
- The progress being made by Bathurst’s external consultants on the Definitive Feasibility Study (“DFS”) for the Buller Project; and
- Supportive discussions with various New Zealand Government authorities and service providers.

The Agreement has been structured on the premise of Bathurst paying L&M on a staged basis as and when value is proved up for the Project. Bathurst believes that this sharing of risk and reward with L&M is a “win-win” for both parties.

The principal terms of the Agreement involve:

- Payment of a US\$5million Option by 30 June;
- Payment of US\$35 million by 5 November 2010 once the Definitive Feasibility Study has been completed;
- Payment of a US\$40 million once 25,000 tonnes of saleable coal has been shipped;
- Payment of a US\$40 million once 1 million tonnes of saleable coal has been shipped;
- L&M being granted 5% of the listed equity in Bathurst once these target levels have been reached and subject to shareholder approval; and
- A 1.75% royalty on coal revenue over life of mine.

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Assuming Bathurst only achieves the lower end of its Exploration Target of 50-90 million tonnes of coal, the pricing of the purchase of the Buller Project is equivalent to:

- Less than US\$1.00/tonne of Coal Resource once the Definitive Feasibility Study has been completed;
- Less than US\$2.00/tonne of Coal Resource once the Escarpment mine is in operation; and
- Approximately US\$3.00/tonne of Coal Resource once 1 million tonnes of coal has been produced from the Buller Project.

At current coking coal prices of over US\$200/tonne and the Buller Project's estimated operating costs of US\$55-70/tonne, Bathurst is confident that the acquisition terms will represent fair value to its shareholders.

Commenting on the terms of the Buller Project acquisition, Bathurst's Managing Director Hamish Bohannan said:

*"The creation of shareholder wealth is Bathurst's primary goal. The acquisition terms agreed with L&M are both sensible and encourage the parties to work together to ensure that a coal mine is brought into production in the near term at Buller."*

*"The Project's high quality coking coal, relatively low infrastructure requirements, low capital expenditure and low operating costs provide Bathurst with a clear path to implement a mine at Buller."*

*"Based upon the work undertaken so far, I believe Bathurst has the opportunity to develop an initial 1mtpa coal mine that has the potential to expand to 2mtpa in the medium term."*

*"The efforts of L&M in getting the Buller Project to its current status over the last 5 years should not be underestimated. L&M and its founders' experience both in New Zealand and in successfully developing mines offshore are well known. We look forward to working with L&M to establish a mine on the Buller Project."*

The Company anticipates finalising the drafting and signing of the acquisition agreement for the Buller Project in the near future and will update the market in this regard.

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The information in this announcement that relates to exploration results, mineral resources or ore reserves is based on information compiled by Dr James Pope, of CRL Energy of Christchurch New Zealand, who is a consultant to the company 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 the report of the matters based on his information in the form and context in which it appears

# BATHURST RESOURCES OVERVIEW



## Introduction

Bathurst Resources Limited is an ASX listed company focused on becoming a producer of high quality coking and thermal coal.

Bathurst has signed an agreement with L&M Coal Holdings to joint venture and ultimately acquire the Buller Project, a hard coking coal asset in the Buller Coalfield in NZ through the acquisition of 100% of L&M Coal Limited. L&M Coal Holdings will also acquire a 5% interest in Bathurst.

## Highlights

- Joint Venture to develop the high grade metallurgical coal resources in NZ,
- 100% acquisition of high grade metallurgical coal project in NZ,
- Current exploration potential of 50-90 million tonnes,
- Open cut development opportunity with production in 18-24 months, and
- Development in an area of established operations with infrastructure.

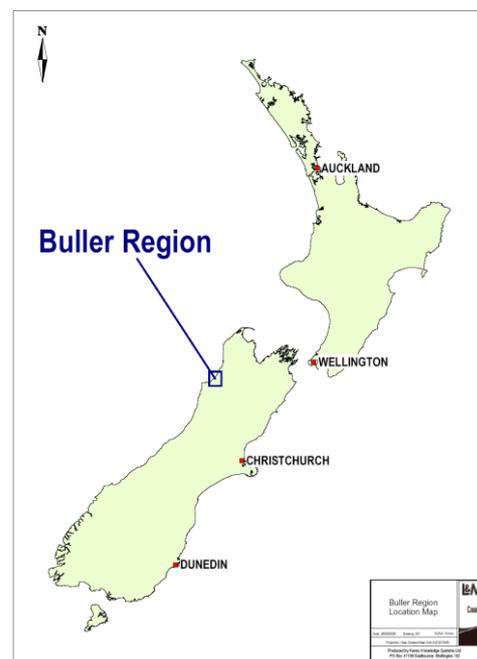
## Background

The Buller Coalfield on the West Coast of the South Island of New Zealand is one of the country's most significant fields. The region produces high quality, low ash, coking coals. There has been 140 years of mining in the region. Current production is mainly coking with the majority of coal being exported.

Railway lines adjacent to the Buller coalfields service the entire West Coast coal mining industry and connect to both river and deep water ports.

The Buller Project area comprises two permits that cover over 10,000 hectares of the Buller Coalfield. The permits largely surround Solid Energy's Stockton open cut mining operation.

Stockton produces approximately 2 million tonnes of coal per annum. 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 would expect to produce the same high quality coal from the same seams mined by Solid Energy at Stockton.



## Project Overview

Bathurst has commenced a Definitive Feasibility Study on the Buller Project and appointed Marston International as its DFS study managers. The study is expected to be completed in Q3 2010. In parallel, a staged drilling program has commenced to provide sufficient information to allow conversion of the 50 - 90 million tonne conceptual exploration target to a JORC compliant resource.

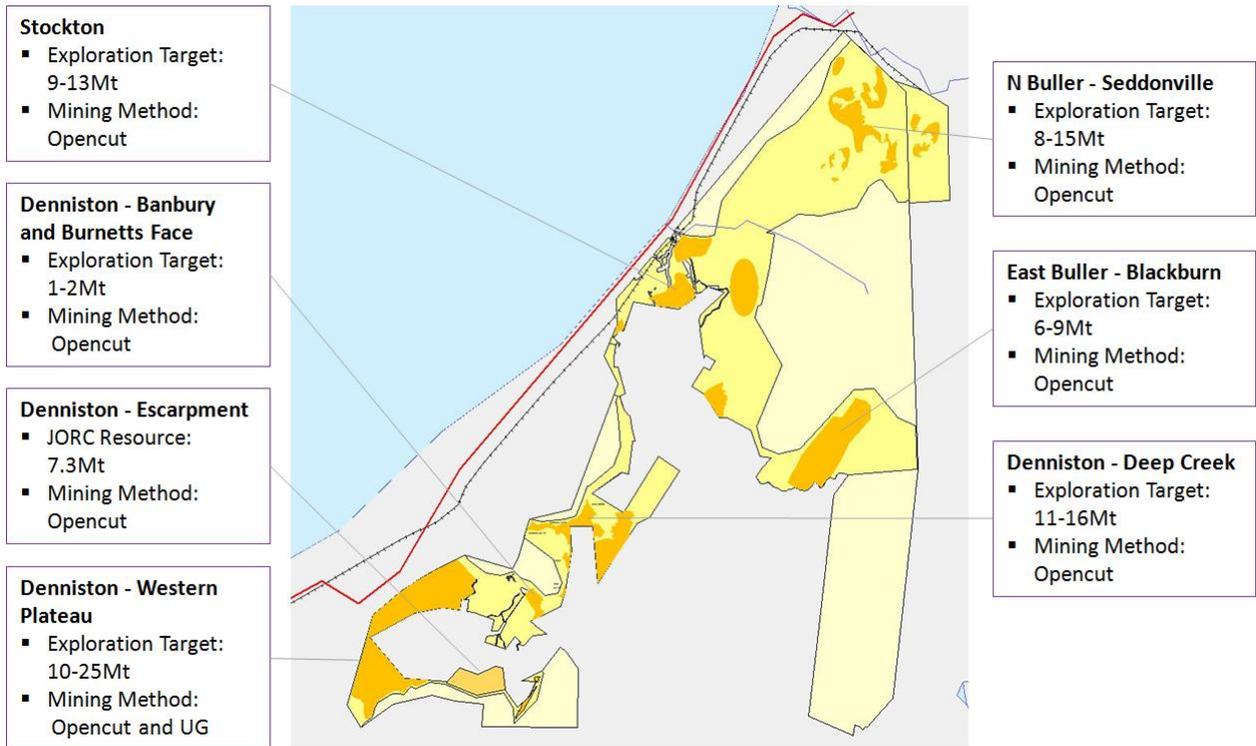
Mining is scheduled to commence in the Denniston Sector initially at Escarpment before moving on to Deep Creek, Western Plateau, Banbury and Burnetts Face. The Denniston Sector has a conceptual exploration target of 17 - 23 million tonnes of coal within which

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an initial JORC compliant resource of 7.3 million tonnes has been established at Escarpment.

The coal which lies in near horizontal seams typically 4 to 10 metres thick and covered by largely sandstone overburden generally 30 to 60 metres thick. The mining schedule indicates an average strip ratio of 9:1. Mining is planned to be open cast to feed a wash plant located near Denniston at the plateau's edge.

The wash plant will produce a high quality hard coking coal coking coal as well as a smaller quality of semi-soft steaming coal. The coal will be transported down the plateau through a pipeline to a filter and screening plant adjacent to the rail line. The product will then be railed to either Westport or Lyttelton for shipping to overseas markets.



### **Statement of Exploration Potential**

The estimate of exploration potential was calculated by CRL Energy using the results from historical and recent drilling undertaken by L&M Coal. The potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in determination of a mineral resource.

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