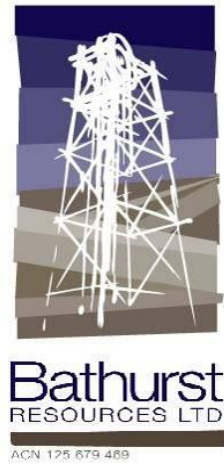


SUITE 2, MEZZANINE FLOOR
35-37 HAVELOCK STREET, WEST PERTH WA 6005
PO BOX 389, WEST PERTH WA 6872
TEL: +61 8 9322 2700
FAX: +61 8 9322 7211
WEB: www.bathurstresources.com.au



20 June 2010

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

BATHURST RESOURCES UPDATE

Bathurst Resources Limited (“Bathurst” or “Company”) is pleased to announce:

- the purchase of the option over the Buller Coal Project with L&M Coal Holdings Limited (“L&M”); and
- that it has signed a Deed of Guarantee with L&M in favour of the Crown in the right of the Government of New Zealand.

Following the recent capital raising of \$16,250,000 from the placement of 125 million shares, Bathurst confirms the payment of the US\$5,000,000 deposit on the Buller Coal Project. The balance of the funds raised are to be used to continue funding the Definitive Feasibility Study (“DFS”), further drilling on the Project and to provide working capital.

The Company is now fully funded and does not anticipate raising further capital until it seeks to complete the purchase of the Buller Project by way of payment of a further US\$35 million upon completion of the DFS in 3-4Q 2010.

The Company has also signed a Deed of Guarantee together with L&M in favour of the Crown in the right of the Government of New Zealand confirming Bathurst’s commitment to acquiring the Buller Project. The Deed of Guarantee is a requirement of the NZ Government prior to the issue of any Mining approval. Bathurst is confident that L&M Coal Limited will in due course be granted a Mining Permit for the Project.

Bathurst continues to work closely with L&M to:

- complete the Definitive Feasibility Study by November 2010;
- continue the progressive upgrade of exploration targets to resource status compliant with JORC standards;
- gain mining and environmental approvals; and
- establish coal off take arrangements with end users and/or trading houses.

Bathurst has gained strong support for this high quality, hard coking coal project, confirmed by the quality of investors in the recent fund raising and also by the continued expressions of interest from end users and traders in entering into off take agreements.

For personal use only

Bathurst's Managing Director Hamish Bohannan said:

"We are delighted with the progress being made on the Buller Coal Project. The payment to L&M and the signing of the NZ Government guarantee confirm Bathurst's commitment to being in production in 4Q 2011."

For further information contact

Hamish Bohannan
Bathurst Resources Ltd
+61 8 9481 2100
hbohannan@bathurstresources.com.au

Or

David Griffiths
Gryphon Management Australia
+61 8 9382 8300
david.griffiths@gryphon.net.au

For personal use only

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.

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.

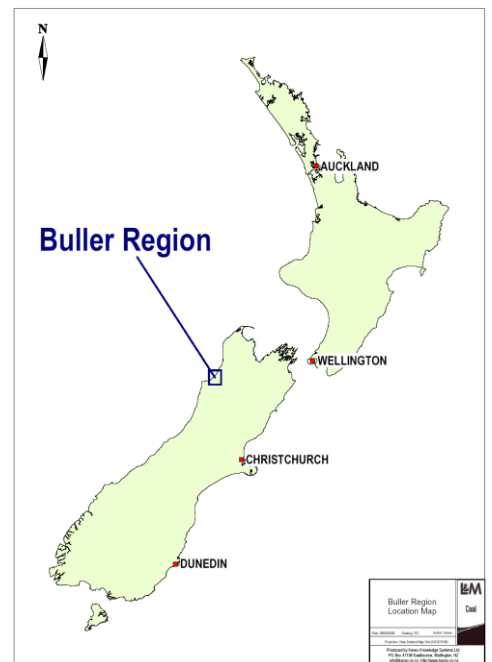
Background

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 opencut 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.



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.

For personal use only

Summary of terms of the Sale and Purchase Agreement

Under the terms of the Sale and Purchase Agreement ("Agreement"), Bathurst has agreed to acquire all of the issued shares in L&M Coal Limited ("LMCL") from L&M. LMCL holds the Buller Coal Project.

In summary the Agreement provides:

- Bathurst will pay an initial deposit of US\$5m (which is only refundable in limited circumstances) and will pay a further US\$35m upon settlement under the agreement;
- Bathurst is required to make two performance payments to L&M of US\$40m each on the first 25,000 tonnes of coal being shipped from the Buller Coal Project and then on the first one million tonnes of coal being shipped from the Project;
- L&M is entitled to be issued with 5% of the issued capital of Bathurst (on a fully diluted basis) at the same time as the second performance payment is due. In the event that Bathurst does not or cannot make this share issue, then the royalty payable to L&M (discussed below) is increased from 1.75% up to a maximum of 3.75%;
- the conditions to the Agreement include approval under the New Zealand Overseas Investment Act, approval under section 41 of the New Zealand Crown Minerals Act, Bathurst obtaining any shareholder approvals required in relation to the Agreement, completion of the definitive feasibility study to the reasonable satisfaction of Bathurst, L&M and LMCL obtaining all consents and approvals required in relation to the Agreement. These conditions are to be satisfied by 30 September 2010. In addition, by 31 October 2010, Bathurst must have arranged sufficient finance to pay the balance of the purchase price of US\$35m;
- pending settlement, L&M has agreed to restrictions on the manner in which LMCL conducts its business and to notify Bathurst of certain events which are standard for an agreement of this nature; and
- L&M has provided various warranties to Bathurst which Bathurst considers to be usual for agreements of this nature.

Bathurst has also agreed to enter into a royalty deed with L&M ("Royalty Deed") whereby Bathurst has agreed to pay a royalty to L&M equal to 10% of the Gross Sales Revenues (as described below) until the time that Bathurst makes payment of the first performance payment of US\$40m, reducing to 5% of the Gross Sales Revenue until Bathurst makes the payment of the second performance payment of US\$40m and thereafter at the rate of 1.75% of Gross Sales Revenue. The level of the final royalty may be increased up to 3.75% on a proportional basis in the event that Bathurst does not or cannot issue some or all of the 5% of shares to L&M as set out above. Gross Sales Revenue is defined to be the revenue derived from the sale of coal from the Buller Coal Project without any deductions on any account.

Bathurst has agreed to secure the performance payments and the royalty to L&M by way of a guarantee and security. The terms of the security will only be maintained for so long as the performance payments are outstanding and thereafter is discharged.

For personal use only