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BATHURST
RESOURCES LTD

18th August 2010

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

INTERIM DFS RESULTS CONFIRM PROJECT VIABILITY

1. Highlights

- ✓ Definitive Feasibility Study ("DFS") confirms the technical and economic feasibility of the Buller Coking Coal Project based solely on the Escarpment Project.
- ✓ Mining Permit for Escarpment granted by Crown Minerals.
- ✓ Capital expenditure is estimated at US$57.0 million plus contingency of US$5.1 million.
- ✓ Mining, processing and transport costs of approximately US$103 per tonne FOB.
- ✓ Potential to produce 1mtpa of Hard Coking Coal ("HCC") from Escarpment.
- ✓ Quality of Buller HCC comfortably exceeds industry benchmarks.
- ✓ Economics likely to be significantly improved as other mines developed.
- ✓ DFS to be subject to independent peer review.

2. Background

Bathurst Resources Limited ("Bathurst") is pleased to announce interim results from its DFS on the initial Escarpment Mine at the Buller Project. The results of the DFS are:

- Consistent with guidance provided to the market on likely Capital Expenditure and Operating Costs; and
- Confirm the economic and technical viability of the Buller Project, based solely on mining at Escarpment.

Bathurst commissioned Marston and Marston, Inc. ("Marston") to conduct a DFS on the Escarpment Mine and Coal Processing Plant ("CPP"), as the first stage of the Buller Project. The Buller Project is located on the West Coast of the South Island of New Zealand. The Escarpment Mine is on the Denniston Plateau which overlooks the town of Westport.

The DFS has been prepared on the Escarpment resource component of the Buller Project only. The Escarpment resource represents approximately 18% of the total JORC resource of 42.2 Mt, as announced to the ASX on 26 July, 2010 and summarised in the table below.

Buller Project Resources			
Status	***Prospect***	***Mt***	***Total (Mt)***
Measured	**Escarpment**	3.8	**3.8**
Indicated	**Escarpment**	1.6	
	North Buller	4.8	
	Blackburn	10.8	
	Millerton North	4.3	**21.5**
Inferred	**Escarpment**	1.9	
	North Buller	9.0	
	Deep Creek	6.0	**16.9**
			42.2

The information in the preceding table that relates to mineral resources is based on information compiled by Dr James Pope, of CRL Energy of Christchurch New Zealand who is a consultant to the company through CRL Energy 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 ASX release of the matters based on his information in the form and context in which it appears above.

3. Buller Project

3.1 Mining & Processing

The Escarpment is planned to be a conventional open cast coal mining operation, utilising diesel powered hydraulic excavators and dump trucks to mine and haul the coal. At full production the mine will produce approximately 1.5Mtpa of ROM coal which after washing though the CPP is forecast to produce 1.0Mt of Product (or Saleable) coal.

The CPP is to be located on the Denniston Plateau, with the final product transported via a slurry pipeline to the proposed rail load out on the coastal plain below, at Fairdown. The coal will then be carried via train to the port of either Westport or Lyttelton.

The processing of coal from the Escarpment project requires the design and construction of purpose built facilities including:

- Mine office and workshop facility;
- A feed hopper, rock breaker and crusher;
- A CPP with dense medium cyclones, concentrators and a tailings thickener;
- A slurry pump station and pipeline; and
- A de-watering, stockpiling and rail load out station.

3.2 Capital Expenditure

The CPP has been designed to process between 1.4Mtpa and 2.0Mtpa. The CPP comprises an enclosed plant, stockpiles of ROM coal, product coal and coarse reject, feed and product conveyors a thickener

and a control room. Included in the design of the CPP is the capacity to bypass the plant and direct slurry run of mine coal to the rail load out, since a proportion of the coal should not require washing.

The slurry pipeline system will be used to transport product coal approximately 11 km from the CPP to a dewatering, stockpiling and water treatment facility at the base of the escarpment near Fairdown.

Mine Infrastructure and Other comprises office facilities in Westport, dams for raw and process water, light vehicles and site access roads.

Marston estimated the Escarpment project capital costs to be as follows:

Description	Capital (US$m)
Preproduction (Pre strip)	14.5
Coal Processing Plant	18.5
Slurry Systems	21.5
Mine Infrastructure & Other	2.5
Total Capital Expenditure	***57.0***
Contingency	5.1
Total incl Contingency	***62.0***

If, as planned, Bathurst were to develop a mine nearby at another of the Denniston prospects then the additional infrastructure required would be minimal, likely comprising only haul roads to the CPP.

3.3 Mine Production

Marston has prepared an annual mine plan schedule with the Escarpment area containing 6.1Mt of ROM coal that washes to 4.1Mt of Product Coal for a mine life of 5 to 6 years from 2011 to 2016.

Production will commence in the Escarpment block where previous mining activity has taken place. Virgin coal will be accessed from FY2013 onwards with an associated increase in production from an annualised rate of 0.65Mtpa to 1.0Mtpa.

The Escarpment has a life of mine strip ratio of 9:1 (Waste bcm to ROM tonnes).

The CPP yield ranges from 65% to 75% depending upon feed.

It is Bathurst's intention to develop the Deep Creek deposit once all approvals are received and relevant studies are complete. It is anticipated that Deep Creek can be mined at a similar rate as the Escarpment, which will double coal production to approximately 2.0 Mtpa of saleable coal.

Initial test work indicates that the coal from Deep Creek is of a similar, high quality to that at the Escarpment.

3.4 Operating Costs

Based on the work to date, Marston has estimated the average production costs for the Escarpment as a standalone project to be as follows, based on an exchange rate of 0.70:

Description	Cost per Saleable Tonne (US$/t)
Mining & Processing costs	68
Rail & Port Costs	35
Total FOB Operating Costs	**103**

These results assume that capital elements are written off over the life of the modelled Escarpment Mine and despite this are consistent with the estimates of operating costs provided to shareholders in May 2010 by Bathurst.

Bathurst believes there is potential to lower these costs between the release of these interim DFS numbers and actual production commencing due to:

- Competitive tension between tenderers for a number of the key cost areas;
- Improvements in yield through optimisation of plant and operating conditions;
- Fines are being analysed to evaluate options for further processing and recovery;
- Amortising a number of the costs over likely production from other mining areas that are part of the Buller Project that will utilise the infrastructure developed for the Escarpment; and
- Ongoing programs of cost reduction and business improvement;

In addition, the DFS estimated final rehabilitation costs of SU$5.75 per tonne, however this estimate covered the Escarpment mining area, the CPP, stockpiles, the slurry system and Fairdown loadout site. Whilst these costs will be required at some point, it is the company's intention to be in production for a number of years beyond the completion of the Escarpment; hence the majority of these costs will be incurred over a much greater time period.

3.5 Coal Quality

The Escarpment Hard Coking Coal has, on average, the following properties. The Escarpment Hard Coking Coal will be comfortably within the specifications of the benchmark coals in the sector.

Parameter	Unit	Typical
Fluidity	ddpm	>10,000
Fixed Carbon	%	58.9
Ash	%	5.5
Sulphur	%	0.7
Phosphorus	%	0.014
Total Moisture	%	10
Calorific Value	Kcal/kg	7,660

Following washing and blending, the study has found that Escarpment is able produce product coal that is 100% Hard Coking Coal. Bathurst had previously advised the market of its expectation that the coal produced was likely to be 85% Hard Coking Coal and 15% Semi-Soft Coking Coal.

3.6 Regulatory Approvals

The following table summarises the status of key approvals required for the commencement of operations at The Escarpment. The environmental consent is the next key milestone in the approval process. The company has received positive indications from the government and has considerable local support for the development of the project.

The exploration license extension has now been granted for Permit 40628 extending the duration for 5 years, until August 2015. Permit 40628 is the main permit in the project area and covers 11,321 hectares.

Approval	Status	Comments
Mining Lease	Granted	
Exploration Licence Extension	Granted	
OIO Approval	Pending	• Application lodged
Access Arrangement (DOC)	Pending	• Application commenced Oct 2008
Environmental Consent	Pending	• Application commenced Oct 2008

Bathurst's Managing Director Hamish Bohannan said

> *"The results of the DFS are very encouraging and have met all of our expectations, especially as it is only based on the Escarpment mine, which represents only 18% of our JORC Resource, highlighting the robust nature of the Buller Project."*

For and on behalf of Bathurst Resources Ltd

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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 quality metallurgical coal project in NZ,
- JORC Compliant resources of 42.2Mt within a total exploration potential of 60-90 million tonnes,
- Open cut development opportunity with production in 18-24 months, and
- Development in an area of established operations with infrastructure.

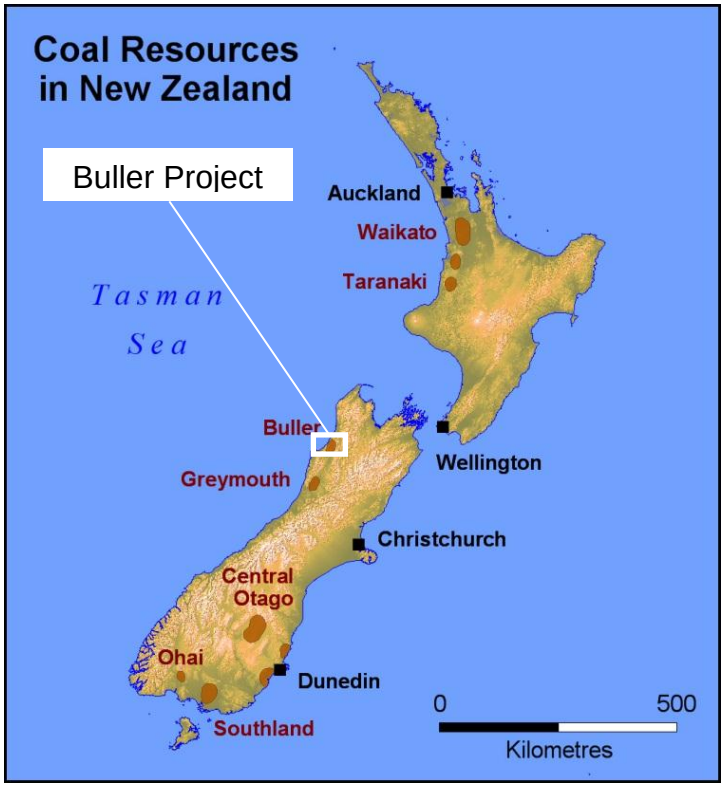
Background

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 similar high quality coal from the similar seams mined by Solid Energy at Stockton.



Project Overview

Bathurst has recently completed a Definitive Feasibility Study on the Escarpment Resource within the Buller Project with Marston International as its DFS study managers. Marston are currently preparing an addendum to include the Deep Creek area which should significantly add to the initial mine life. The study is expected to be completed in Q3 2010, after which it will be subject to independent peer review.

An initial JORC compliant Reserve will be completed as part of the DFS, sufficient to establish an initial minimum 10 year operational mine life in the southern areas of the exploration permits. In parallel, a staged drilling program has commenced to provide information to allow conversion of the 60 – 90 million tonne conceptual exploration target to a JORC compliant resource.

Mining is anticipated to commence in the Denniston Sector initially at Escarpment before moving on to other resources within the sector. The Denniston Sector has a conceptual exploration target of 29 – 50 million tonnes of coal within which an initial JORC compliant resource of 13.3 million tonnes has been established at Escarpment and Deep Creek.

The coal which lies in near horizontal seams typically 1 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 centrally on the Denniston plateau.

The wash plant will produce a high quality hard coking coal as well as a smaller quantity of semi-soft steaming coal. This high quality coal has niche ash trimming and fluidity enhancing potential as well as low phosphorus levels. These strong coking properties together with its low sulphur, very low ash and good ash chemistry will make it a premium product for use in the steel industry and ferro-silicon production.

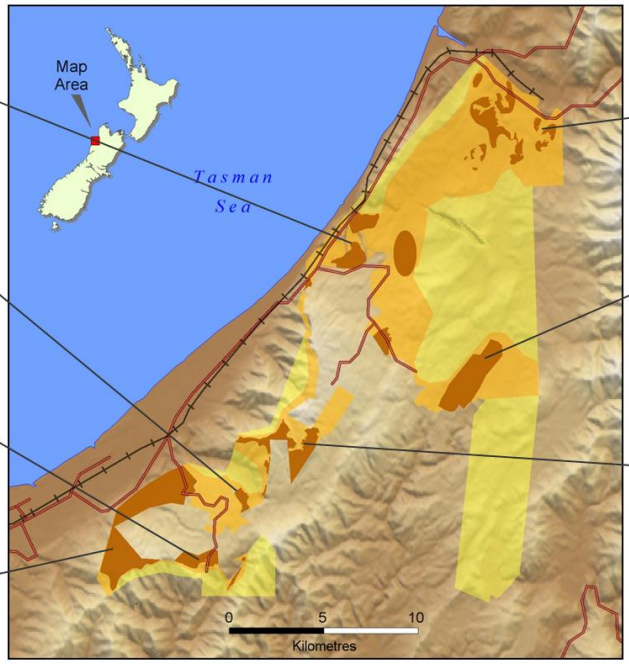
The coal will be transported down the plateau through a pipeline to a filter and screening plant adjacent to the rail line. The product will then be railed to either Westport or Lyttelton for shipping to overseas markets.

Millerton
- JORC Resource: 4.3Mt
- Exploration Target: 9-13Mt*
- Mining Method: Open cast

Denniston - Banbury and Burnetts Face
- Exploration Target: 1-2Mt
- Mining Method: Open cast

Denniston - Escarpment
- JORC Resource: 7.3Mt
- Mining Method: Open cast

Denniston - Western Plateau
- Exploration Target: 10-25Mt
- Mining Method: Open cast



N Buller - Seddonville
- JORC Resource: 13.8Mt
- Mining Method: Open cast

East Buller - Blackburn
- JORC Resource: 10.8Mt
- Mining Method: Open cast

Denniston - Deep Creek
- JORC Resource: 6Mt
- Exploration Target: 11-16Mt*
- Mining Method: Open cast

*Exploration Target inclusive of JORC compliant resource

The information in the preceding table that relates to exploration results and mineral resources is based on information compiled by Dr James Pope, of CRL Energy of Christchurch New Zealand who is a consultant to the company through CRL Energy 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 ASX release of the matters based on his information in the form and context in which it appears above.

Statement of Exploration Potential

The estimate of exploration potential was calculated by Bathurst using the results from historical mining and exploration as well as recent drilling undertaken by L&M Coal. The potential quantity and quality 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.