

5 October 2010

BATHURST
RESOURCES LTD

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

BATHURST TO RAISE UP TO A\$110M VIA PLACEMENT AND RIGHTS ISSUE

Bathurst Resources Limited (ASX: BTU, "Bathurst") is pleased to announce the raising of up to A\$110 million to provide additional funds for the acquisition settlement and development of its Buller coking coal project ("Buller Project") in New Zealand.

The equity raising consists of:

- a placement of up to 253.4 million shares at A\$0.30 per share to raise approximately A\$76 million ("Placement"); and
- a 1 for 2 non-renounceable rights issue at A\$0.30 per share to raise up to approximately A\$34 million ("Rights Issue").

The Company has received firm commitments for the Placement which was keenly sought by professional and sophisticated investors in Australia, New Zealand, Asia, North America and Europe and was significantly oversubscribed. The Placement is subject to approval by Bathurst's shareholders at a meeting being convened for 4 November 2010.

Helmsec Global Capital Limited acted as Lead Manager of the Placement and Rights Issue and Allion Legal acted as legal counsel.

The funds are to be utilised as follows:

Use of funds from equity issue ^(*)	A\$M
Acquisition of Buller Project	37
Capital expenditure & mine development	60
Working capital / Issue expenses / Contingency	13
Total	110

() This assumes the Rights Issue is fully subscribed or any shortfall is placed within three months of the Rights Issue closing.*

Bathurst's Managing Director Hamish Bohannon said:

"The strong support for Bathurst from international and Australian institutional investors is testament to the quality of the Buller Project and its potential upside."

"The Rights Issue allows Bathurst's existing shareholders to participate on the same terms and in the same timeframe."

"The Bathurst and L&M teams have done a great job in developing the Buller Project to its current state. The next step is for Bathurst to seek shareholder approval to acquire the project from L&M Coal Holdings Limited at a General Meeting to be convened in the coming days."

“With the funds raised from the Rights Issue and the Placement, Bathurst is on track to both complete the acquisition of the project and become a coking coal producer in the last quarter of 2011.”

“Over the next 3 months, Bathurst expects to achieve the following additional milestones:

- *Overseas Investment Office approval;*
- *Listing on the New Zealand Stock Exchange*
- *Announcement of Heads of Agreements with offtake partners;*
- *Environmental approvals and consents; and*
- *Upgrades to our Resources and Reserves at the Buller Project.”*

“Bathurst is looking forward to 2011 as we move from being a developer to a producer.”

The Placement is scheduled for completion on Friday, 5 November 2010 following approval by Bathurst’s shareholders. Participants in the Placement will be not eligible to participate in the Rights Issue. **Full details of the Rights Issue and Placement, including indicative timetable, will be provided in the notice of meeting and Rights Issue prospectus which is expected to be lodged later this week.**

For and on behalf of Bathurst Resources Ltd



Hamish Bohannan
Managing Director

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Forward looking statements

Certain statements included in this announcement, including information regarding Bathurst's plans with respect to its mineral properties, constitute forward-looking information. Forward-looking information includes, among other things, statements regarding expected operations. Forward-looking information is based upon a number of estimates and assumptions made by the Company in light of its experience, current conditions and expectations of future developments, as well as other factors that the Company believes are appropriate in the circumstances. While these estimates and assumptions are considered reasonable by the Company, they are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Investors are cautioned that forward-looking information is no guarantee of future performance and, accordingly, investors are cautioned not to put undue reliance on forward-looking information due to the inherent uncertainty therein. Forward-looking information is made as at the date of this announcement and the Company disclaims any intent or obligation to update publicly such forward-looking information, whether as a result of new information, future events or results or otherwise.

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 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

- 100% acquisition of high quality metallurgical coal project in NZ,
- JORC Reserves of 12.6Mt⁽¹⁾ from Escarpment and Deep Creek,
- JORC Compliant resources of 47.1 Mt⁽¹⁾ within a total exploration potential of 60-90 million tonnes⁽²⁾ (inclusive of initial JORC Reserve),
- Open cast development opportunity with production in 12-18 months, and
- Development in an area of established operations with infrastructure.

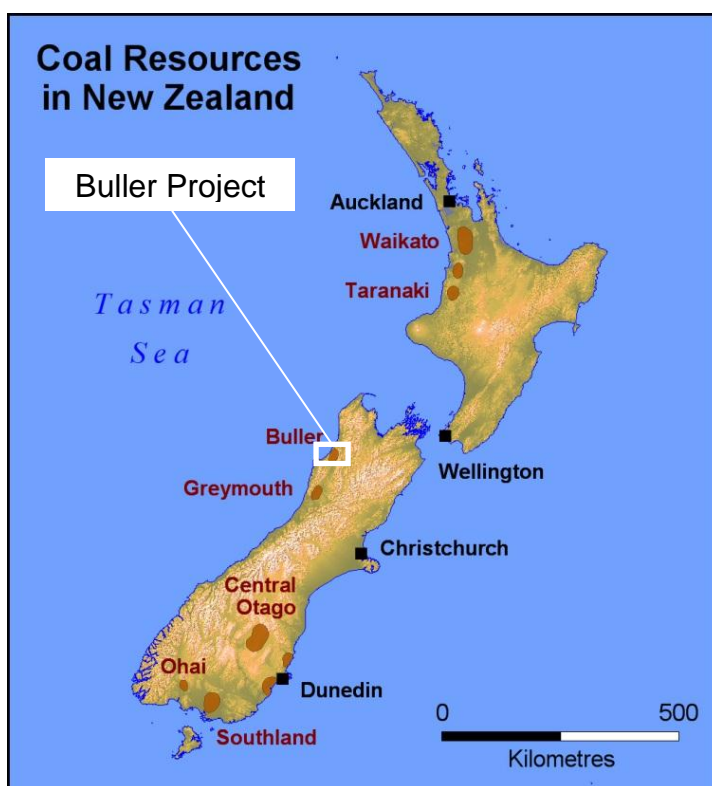
Background

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 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 was completed in Q3 2010 and is currently undergoing independent peer review.

An initial JORC compliant Reserve was 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⁽²⁾ 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 34 – 53 million tonnes⁽²⁾ of coal within which an initial JORC compliant resource of 18.2 million tonnes has been established at Escarpment and Deep Creek⁽¹⁾.

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The coal lies in near horizontal seams up to 1 to 10 metres thick, but generally 4 to 6 metres, and covered largely by sandstone overburden generally 30 to 60 metres thick. The mining schedule for Escarpment indicates an average strip ratio of 9:1 and for Deep Creek an average strip ratio of 5.5:1. 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. 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 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 off 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.

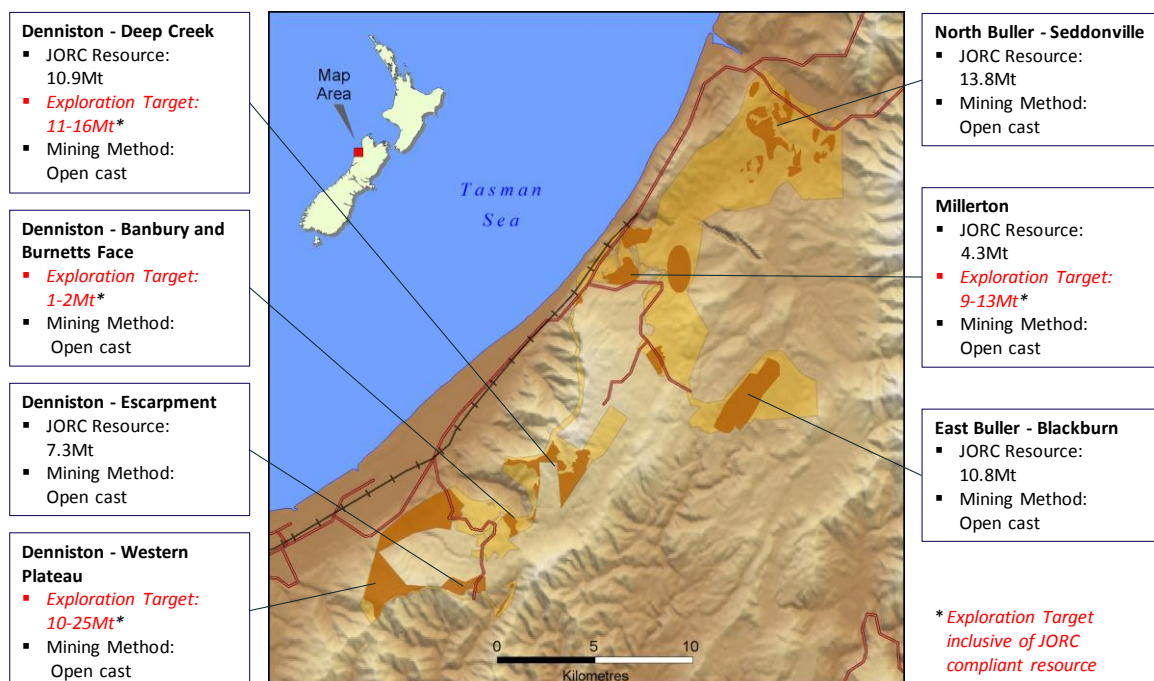
Reserves ^{(1) (2)}

Project	Run of Mine Coal Reserves			Marketable Coal Reserves		
	Proved	Probable	Total	Proved	Probable	Total
Escarpment ^(*)	3.5	0.5	4.1	2.3	0.4	2.7
Deep Creek	5.8	2.7	8.5	5.1	2.4	7.5
TOTAL	9.3	3.2	12.6	7.4	2.8	10.2

(*) In addition there is approximately 2.1 Mt of Inferred coal resources (ROM) in Escarpment which will be mined, processed and sold. It is expected that processing this material will produce approximately 1.4 Mt of marketable coal.

Resources ^{(1) (2)}

Status	Prospect	Mt	Total (Mt)
Measured	Escarpment	3.8	10.0
	Deep Creek	6.2	
Indicated	Escarpment	1.6	24.6
	North Buller	4.8	
	Blackburn	10.8	
	Millerton North	4.3	
	Deep Creek	3.1	
Inferred	Escarpment	1.9	12.5
	North Buller	9.0	
	Deep Creek	1.6	
TOTAL			47.1



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(1) Competent Persons Statement

The information in this document that relates to exploration results, mineral resources and mining reserves for Deep Creek as well as the mining reserves for Escarpment is based on information compiled by Neil Fraser who is a full time employee of Marston International Pty Ltd and is a member of the Australasian Institute of Mining and Metallurgy. Mr Fraser 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 Fraser 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.

The information in this document that relates to exploration results and mineral resources other than Deep Creek 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.

(2) Statement of Exploration Potential

The estimate of exploration potential was calculated by Bathurst Resources 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.

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