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7<sup>th</sup> October 2010

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

## PROSPECTUS

Bathurst Resources Ltd (ASX:BTU) refers to the announcement made on 5<sup>th</sup> October, 2010 with respect to the equity raising of A\$110 million via a placement and a rights issue.

Please find enclosed a copy of the Prospectus that was lodged with ASIC today.

For and on behalf of the Board of Bathurst Resources Ltd

A handwritten signature in black ink, appearing to read 'T Manners', written over a white circular background.

Tim Manners  
Joint Company Secretary

### For further information contact

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Bathurst Resources Ltd  
+61 8 9481 2100  
[tmanners@bathurstresources.com](mailto:tmanners@bathurstresources.com)

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**BATHURST**  
RESOURCES LTD

ACN 125 679 469

# PROSPECTUS

**A NON-UNDERWRITTEN NON-RENOUNCEABLE RIGHTS ISSUE  
OF 1 NEW SHARE FOR EVERY 2 SHARES  
TO RAISE A\$34 MILLION  
AND AN OFFER OF 100 CLEANSING SHARES  
TO FACILITATE SECONDARY TRADING**



**HELMSEC**  
GLOBAL CAPITAL LIMITED

LEAD MANAGER

## IMPORTANT INFORMATION

This Prospectus is dated 7 October 2010 and was lodged with ASIC on that date. ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus. No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. The Company will apply to ASX for the New Shares and Cleansing Shares to be granted quotation on the ASX.

### Investment decisions

This Prospectus is an important document and requires your immediate attention. It should be read in its entirety. Your investment decision regarding the Rights Issue or Cleansing Issue should be based upon the information contained in this Prospectus and the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult. In particular, in considering the prospects for the Company, Eligible Shareholders should carefully consider the risk factors that could affect the Company's performance. Some of the risk factors that Eligible Shareholders should consider are outlined in **Section 5**. Eligible Shareholders should carefully consider these factors in light of their personal circumstances (including financial and taxation issues). If you do not understand any part of this Prospectus, or you are in any doubt as to how to deal with your Entitlement, you should consult your accountant, stockbroker, solicitor or other professional adviser.

### Placement

As announced on 5 October 2010, the Company is seeking the approval of Shareholders to issue up to 253,333,334 new Shares to Institutional Investors to raise approximately A\$76 million before costs (**Placement**) at a general meeting of Shareholders to be held on 4 November 2010.

The Rights Issue and Placement are inter-dependent. That is, the Rights Issue will not proceed if the Placement is not approved by Shareholders and the Placement will not proceed if the Minimum Subscription is not raised under the Capital Raising.

### Disclaimer

No person is authorised to give any information or to make any representation in connection with either the Rights Issue or the Cleansing Issue which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by the Company in connection with the Rights Issue or the Cleansing Issue.

### No prospective financial forecasts

The Company is in the process of making the transition from an explorer to a coal producer. Given the possible changes in skills and experience required as the Company focuses on mine development and production, there are significant uncertainties associated with forecasting future revenue. On this basis, the Directors believe that definitive financial forecasts cannot be prepared or included in this Prospectus.

## Foreign jurisdictions

This Prospectus and the Entitlement and Acceptance Form does not constitute an offer of, or an invitation to subscribe for, any Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

No action has been taken to register or qualify the Shares offered pursuant to this Prospectus or otherwise to permit an offering of Shares in any jurisdiction outside Australia and New Zealand.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

## New Zealand Shareholders

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

## Electronic version of the Prospectus

A copy of the Prospectus can be downloaded from the website of the Company at [www.bathurstresources.com](http://www.bathurstresources.com), or the website of ASX at [asx.com.au](http://asx.com.au). Any person accessing the electronic version of the Prospectus for the purposes of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person the Entitlement and Acceptance Form unless it is attached to a hard copy of the Prospectus or it accompanies the complete and unaltered version of the Prospectus. Any person may obtain a hard copy of the Prospectus free of charge by contacting the Company.

## Privacy

A completed Entitlement and Acceptance Form will include personal information about you. The Company collects your personal information to process and administer your investment in the Company and to provide related services to you. If you do not complete the relevant form in full, the Company may not accept your application for New Shares. The Company may disclose your personal information, for purposes related to your investment, to its agents or service providers, including the sponsoring broker and the Company's Share Registry. You can obtain access to personal information that the Company holds about you.

## Glossary

Certain words and phrases used in this Prospectus have defined meanings set out in the Definitions and Glossary in **Section 7** of this Prospectus.

## TABLE OF CONTENTS

Key details	iv
Letter from the Chair	v
1 Details of the Rights Issue	1
2 Action required by Eligible Shareholders	5
3 Purpose and effect of the Rights Issue	8
4 Details of the Cleansing Issue	13
5 Risks	15
6 Additional information	23
7 Definitions and Glossary	30
8 Directory	96

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## KEY DETAILS

Existing Shares on issue	227,787,892
Options on issue	43,503,108
Rights Issue ratio	1 for 2
New Shares available under the Rights Issue	113,893,946
Issue Price for New Shares	A\$0.30
Proceeds of Rights Issue	Approx A\$34.2m
Placement Shares available under the Placement	253,333,334
Cleansing Shares available under the Cleansing Issue	100
Total Shares on issue following completion of Rights Issue, Cleansing Issue and Placement	595,015,272

## KEY DETAILS SUMMARY

## INDICATIVE DATES<sup>1</sup>

Shares quoted on an “ex” Entitlement basis (“ex date”)	12 October 2010
Record Date for the Rights Issue	18 October 2010
Dispatch of Prospectus	21 October 2010
General Meeting to approve change of scale and Placement	4 November 2010
Closing Date for Rights Issue	5 November 2010
Allotment of Placement Shares	5 November 2010
Rights Issue New Shares quoted on a deferred settlement basis	8 November 2010
Dispatch of Holding Statements for Rights Issue	11 November 2010
Normal trading commences on the ASX	12 November 2010

In addition to normal risks affecting any listed equity investment, an investment in New Shares is subject to risks associated with Bathurst’s business, including those set out in **section 5**.

<sup>1</sup> These dates are indicative only. The Company, in consultation with Helmsec (and subject to the Corporations Act, the ASX Listing Rules and any other applicable laws), reserves the right to change any of these dates without prior notice. In particular, the Company reserves the right to extend the Entitlement Issue or to close the Entitlement Issue early without prior notice. Shareholders are encouraged to submit their Entitlement and Acceptance Forms as soon as possible.

## LETTER FROM THE CHAIRMAN

7 October 2010



Dear Fellow Shareholder,

This Prospectus marks the transformation of Bathurst Resources from a junior explorer to a mine developer.

Under this Prospectus, Bathurst is seeking to raise approximately A\$34.2 million in new equity via a 1 for 2 Rights Issue. In addition, the Company is undertaking a Placement to raise up to approximately A\$76 million via the issue of up to approximately 253.4 million Shares. Helmsec, as lead manager of the Placement, has received firm commitments for the whole of the Placement, which is subject to the approval of Shareholders at a meeting convened for 4 November 2010.

The purpose of the Capital Raising is to allow Bathurst to complete the acquisition of the Buller Coal Project and commence development of the initial Escarpment prospect.

The Company plans to produce high quality coking coal from its Buller Coal Project on the South Island of New Zealand. The Buller coal field has over 140 years of mining history. Using nearby rail and port infrastructure, Bathurst intends to produce coal through open cast mining initially from the Escarpment prospect in Q4 2011 building up to 1Mtpa and subsequently increasing to 2Mtpa with additional production from Deep Creek.

Full details of the Buller Coal Project and the Capital Raising are contained in the Notice of Meeting lodged with the ASX on 6 October 2010 which can be obtained from [www.bathurstresources.com](http://www.bathurstresources.com) or [asx.com.au](http://asx.com.au).

Please read this Prospectus in its entirety prior to making any decisions to invest.

I look forward to your continued support.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Craig Munro'. The signature is fluid and cursive, with a long horizontal stroke at the end.

CRAIG MUNRO  
CHAIRMAN

# 1 DETAILS OF THE RIGHTS ISSUE

## 1.1 The Rights Issue

The Company is undertaking a 1 for 2 non-renounceable Rights Issue to issue approximately 113,893,946 New Shares in the Company at an Issue Price of A\$0.30 for each New Share. The Issue Price is payable in full on application for the New Shares.

This Rights Issue is being made to Eligible Shareholders who are registered as Shareholders at 5pm (WST) on 18 October 2010 (the **Record Date**).

The New Shares will rank equally with existing Shares. The issue of New Shares pursuant to this Rights Issue will raise approximately A\$34.2 million (before the costs of the Rights Issue). After deducting estimated expenses of the Rights Issue, the Company expects to raise net proceeds of approximately A\$32 million.

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. Fractional Entitlements have been rounded up to the nearest whole New Share.

The Rights Issue and Placement are inter-dependent. That is, the Rights Issue will not proceed if the Placement is not approved by Shareholders and the Placement will not proceed if the Minimum Subscription is not raised under the Capital Raising.

## 1.2 No Entitlement trading on the ASX

The Entitlements are not renounceable and may not be transferred. This means that the Entitlements of Eligible Shareholders to subscribe for New Shares under this Prospectus are not transferable and there will be no trading of Entitlements on the ASX. Eligible Shareholders who choose not to take up their Entitlements will receive no benefit and their shareholding in the Company will be diluted as a result.

## 1.3 Dates

The closing time and date for accepting the offer of New Shares is 5pm (WST) on 5 November 2010 (the **Closing Date**). You are urged to submit your Entitlement and Application Form as soon as possible. There is no minimum subscription requirement in relation to the number of Entitlements you wish to take up.

## 1.4 Minimum Subscription

The minimum subscription required under the Capital Raising is A\$50 million. The Company has received firm commitments for the whole of the Placement. The Placement is conditional upon Shareholder approval (to be considered at the Meeting) and is intended to be settled shortly after this is obtained.

In the event Shareholders do not approve the Placement within 3 months after the date of this Prospectus then none of the New Shares offered under this Prospectus will be allotted or issued, unless ASIC grants the Company an exemption permitting the allotment or issue.



## 1.5 Shortfall and allocation of Shortfall Shares

Entitlements not taken up will form the Shortfall. It is possible that there will be few or no Shortfall Shares available for issue, depending on the level of take up of Entitlements by Shareholders.

The Directors, in conjunction with Helmsec, reserve the right, subject to the requirements of the Listing Rules and the Corporations Act and otherwise on the terms in this Prospectus, to place any Unallocated Shortfall Shares within 3 months after the Closing Date. Unallocated Shortfall Shares will be issued at a price not less than the Issue Price of New Shares under the Rights Issue.

Eligible Shareholders may, in addition to their Entitlement, and under this Prospectus, apply for Shortfall Shares at the Issue Price, limited to the number of Shares they hold on the Record Date. It is the Company's intention that, in the event Shortfall Shares become available:

- (a) Eligible Shareholders holding less than 16,666 Shares on the Record Date will be allocated the number of Shortfall Shares applied for; and
- (b) Eligible Shareholders holding 16,666 Shares or more on the Record Date will be allocated a minimum of 16,666 Shortfall Shares (equal to \$5,000),

subject to allocations for Shortfall Shares being scaled back in the event applications exceed the number of Shortfall Shares available and the maximum additional allocation being 166,666 Shortfall Shares (equal to \$50,000). It is an express term of the Offer that if applicants are allocated a lesser number of Shortfall Shares than they applied for, then the applicants are bound to accept the allocated amount. Excess application money will be refunded without interest.

Any Unallocated Shortfall Shares will be placed at the Directors' absolute discretion within 3 months after the Closing Date.

Subject to approval by Shareholders at the Meeting, the Directors intend to apply for Shortfall on the terms set out in this Prospectus (including scale back), limited to a maximum of 250,000 Shortfall Shares each.

## 1.6 Ranking of New Shares

The New Shares will be issued fully paid and will rank equally with Shares already on issue. A summary of the rights attaching to the New Shares is in **section 6.2**.

## 1.7 ASX quotation

The Company will make application to the ASX within 7 days after the date of this Prospectus for the New Shares to be quoted on the ASX. If permission is given for Official Quotation, the New Shares will trade under the Company's existing Ordinary Share ASX Code of BTU and will rank equally in all respects with existing Shares.

If the ASX does not grant permission for Official Quotation of the New Shares within 3 months after the date of this Prospectus, none of the New Shares offered under this Prospectus will be allotted or issued, unless ASIC grants the Company an exemption permitting the allotment or issue.

If no allotment or issue is made, all money paid on application for the New Shares will be refunded without interest as soon as practicable.

## **1.8 Allotment and issue of New Shares and dispatch of shareholding statements**

No allotment or issue of New Shares will be made pursuant to this Prospectus until the proceeds of the Rights Issue have been received and the ASX has granted permission for Official Quotation of the New Shares on the ASX.

It is expected that the New Shares will be allotted and issued by 11 November 2010.

All application money will be held on trust for applicants until the New Shares are allotted and issued or, if the New Shares are not allotted and issued, until the application money is returned to the applicants.

Interest earned on the application money will be for the benefit of the Company and will be retained by the Company even if the allotment and issue of New Shares does not take place.

Shareholder statements for New Shares and any Shortfall Shares are expected to be dispatched on 11 November 2010. It is expected that any Unallocated Shortfall Shares will be allotted and issued within 3 months of the Closing Date.

## **1.9 Treatment of overseas Shareholders in relation to the Rights Issue**

The offer to participate in the Rights Issue made under this Prospectus is made only to Eligible Shareholders.

In accordance with the ASX Listing Rules, the Company has decided that it would be unreasonable to extend this offer to Shareholders resident in countries other than Australia and New Zealand having regard to:

- the number of Shareholders resident in those countries;
- the number and value of New Shares that would be offered under the Rights Issue to Shareholders resident in those countries; and
- the cost of complying with the legal requirements, and the requirements of regulatory authorities, in those countries.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia (other than to Eligible Shareholders).

## **1.10 Notice to nominees and custodians**

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

## **1.11 Recent sale prices on ASX**

The lowest and highest market sale prices of Shares on the ASX during the 3 months immediately preceding the date of this Prospectus, and the dates of those sales, were A\$0.16 on 7 July 2010 and A\$0.46 on 23 September 2010. The last sale price for Shares on the ASX prior to the date of this Prospectus was A\$0.425 on 6 October 2010.

### 1.12 Taxation implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Rights Issue or Shareholders applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders' participation in the Rights Issue. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Rights Issue.

### 1.13 New Zealand Stock Exchange Listing

Following completion of the acquisition of the Buller Coal Project, Bathurst intends to dual list on the New Zealand Stock Exchange. Once dual listed, Shareholders will be able to choose whether to have their shares registered on either the Company's Australian or New Zealand share register. Once listed on an exchange, the Bathurst shares are able to trade on that exchange.

### 1.14 CHES

The Company participates in the Clearing House Electronic Sub-register System (**CHES**). ASTC, a wholly owned subsidiary of ASX, operates CHES in accordance with the ASX Listing Rules and the ASTC Settlement Rules.

Under CHES, applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASTC will send you a CHES statement.

The CHES statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHES statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

## 2 ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS

### 2.1 What you may do

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. You may do any one of the following:

- take up your Entitlement in full (see **Section 2.2** below);
- take up part of your Entitlement and allow the balance to lapse (see **Section 2.3** below);
- apply for Shortfall Shares (see **Section 2.4** below); or
- allow your Entitlement to lapse in full (see **Section 2.5** below).

### 2.2 If you wish to take up your Entitlement in full

Complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form and return it, together with the full amount for the New Shares (being the number of New Shares to which you are entitled multiplied by A\$0.30, in the enclosed reply paid envelope to reach the Company's Share Registry **no later than 5pm (WST) on 5 November 2010**. The addresses of the Company's Share Registry are:

#### **Security Transfer Registrars Pty Ltd**

770 Canning Highway  
Applecross WA 6153  
Australia

Or

PO Box 535  
Applecross WA 6953  
Australia

### 2.3 If you wish to take up part of your Entitlement and allow the balance to lapse

Complete the accompanying Entitlement and Acceptance Form for that part of your Entitlement that you wish to accept in accordance with the instructions set out on the form and return it, together with the amount payable for the New Shares (being the number of New Shares for which you are accepting multiplied by A\$0.30) in the enclosed reply paid envelope to reach the Company's Share Registry **no later than 5pm (WST) on 5 November 2010**. The addresses of the Company's Share Registry are set out in **Section 2.2** above.

### 2.4 If you wish to apply for Shortfall Shares

Shareholders may, in addition to their Entitlement, apply for Shortfall Shares limited to the number of Shares they hold on the Record Date. Refer to **Section 1.5** if you wish to apply for Shortfall Shares.

A single cheque should be used for the application money for your Entitlement and the number of Shortfall Shares (limited to the number of Shares you hold on the Record Date) you wish to apply for as stated on the Entitlement and Acceptance Form.

## 2.5 Entitlements not taken up

If you decide not to take up all or part of your Entitlement, your shareholding in the Company will be diluted as a result. The proportion of your Entitlement not taken up will become available as Shortfall Shares and will be able to be placed in accordance with the terms of this Prospectus and you will receive no benefit.

## 2.6 How to pay for your New Shares

The Issue Price of A\$0.30 per New Share is payable in full on acceptance. Payment will only be accepted in Australian currency as follows:

- cheque drawn on and payable at any Australian bank; or
- bank draft drawn on and payable at any Australian bank.

Other currency will not be accepted.

Cheques or drafts should be made payable to '**Bathurst Resources Limited – Subscriptions Account**' and crossed 'Not Negotiable'. Shareholders are asked not to forward cash. Receipts for payment will not be issued.

The Company will present the cheque or bank draft on or around the day of receipt of the Entitlement and Acceptance Form. If a cheque is not honoured upon its first presentation, the Directors reserve the right to reject the relevant Entitlement and Acceptance Form.

If the amount of your cheque(s) or bank draft(s) for application money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared application money will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your application may be rejected.

Alternatively, if you are paying by BPAY®, refer to your personalised instructions on your Entitlement and Acceptance Form. Eligible Shareholders who wish to pay by BPAY® must ensure that payment is received by the Company no later than 5.00pm (AEDT) on the Closing Date.

Eligible Shareholders should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment. It is the responsibility of each Eligible Shareholder who applies for New Shares to ensure that application money is submitted through BPAY® with sufficient time for it to be processed by their financial institution and received by the Company no later than 5.00pm (AEDT) on the Closing Date. The Company will be under no obligation to issue New Shares to any Eligible Shareholder whose application money is not received before 5.00pm (AEDT) on the Closing Date, regardless of the date and time on which payment was submitted for processing with their financial institution.

## 2.7 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus.

## **2.8 Queries**

If you have any queries concerning the Rights Issue, your existing holding of Shares, or any part of this Prospectus, please contact Tim Manners, Joint Company Secretary on (61 8) 9481 2100 or your stockbroker or professional advisor.

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## 3 PURPOSE AND EFFECT OF THE RIGHTS ISSUE

### 3.1 Purpose of the Rights Issue

As announced on 5 October 2010, the Company is undertaking the Capital Raising to raise up to approximately A\$110.2 million to fund the remaining US\$35 million payable as consideration under the Share Purchase Agreement between the Company and L&M Coal Holdings Limited to acquire the Buller Coal Project and to fund development of the Buller Coal Project. Full details of the Buller Coal Project and the Capital Raising are contained in the Notice of Meeting lodged with the ASX on 6 October 2010 which can be obtained from [www.bathurstresources.com](http://www.bathurstresources.com) or [asx.com.au](http://asx.com.au).

Helmsec Global Capital, as Lead Manager, has received firm commitments for the Placement up to approximately A\$76 million. The Placement is being made without disclosure to Institutional Investors who are not related parties of the Company and is subject to Shareholder approval at the Meeting.

The Placement and Rights Issue are interdependent and the Company will not proceed with either if Shareholders do not approve the Placement or a minimum of A\$50 million is not raised under the Capital Raising.

After allowing for expenses of the raising the amount raised under the Capital Raising will be a maximum of approximately A\$104.2 million assuming completion of the Placement and full take up under the Rights Issue. The amount to be raised under the Placement is A\$76 million, before costs of Placement, which will enable the Company to complete the acquisition of the Buller Coal Project and to provide for working capital.

The Directors intend to use the funds raised from the Capital Raising, together with the Company's existing cash reserves, for the following purposes and in accordance with the table set out below. The table assumes that no Options are exercised and has been prepared on the basis of Full Subscription under both the Placement and Rights Issue.

Proceeds of the Capital Raising	Placement (fully subscribed) (A\$m)	Full Subscription (A\$m)
Balance of purchase price for the Buller Coal Project <sup>2</sup>	36.8	36.8
Development of the Buller Coal Project	Nil	60.0
Contingency for development	Nil	5.4
General working capital	35.4	2.0
Expenses of the Capital Raising	3.8	6.0
<b>ESTIMATED TOTAL</b>	<b>76.0</b>	<b>110.2</b>

If the Minimum Subscription is not raised under the Capital Raising the Company will not have sufficient funds to acquire the Buller Coal Project and the acquisition will not proceed. If the Company raises an amount between the Minimum Subscription and the Placement, then general working capital and expenses of the Capital Raising in the Placement column of the above table will be reduced accordingly.

<sup>2</sup> This assumes an exchange rate of AUD:USD of A\$0.95.

If the Company achieves less than Full Subscription, then it will proceed to complete the acquisition of the Buller Coal Project and, depending on the amount raised under the Rights Issue, will need to raise further funds to complete the development of the Project. There is no certainty that the Company will be able to raise these funds (either by way of equity or debt or a combination of equity and debt) and if so on what terms. In this regard however, the Company has reserved the right to issue any Shortfall within three months of the Closing Date.

The Company is currently in negotiations with a number of parties for potential off-take arrangements for coal from the Buller Coal Project. As part of these arrangements, the Company may receive pre-payment for coal produced from the Buller Coal Project.

### **3.2 Effect of the Rights Issue**

The effect of the Rights Issue will be (assuming no Options are exercised and Entitlements are taken up in full) that:

- cash reserves will initially increase by approximately A\$34.2 million (before costs); and
- the number of Shares on issue will increase from 227,787,892 to 341,681,838.

The Company has received firm commitments for the Placement to raise approximately A\$76 million, subject to Shareholder approval at the Meeting. The Placement will result in the issue of approximately 253,333,334 Shares. Institutional Investors under the Placement will not be entitled to participate in the Rights Issue in relation to their Placement Shares.

### **3.3 Statements of financial position**

Set out below are:

- the audited consolidated statement of financial position of the Company at 30 June 2010; and
- the pro forma unaudited consolidated statement of financial position of the Company at 30 June 2010 showing the impact of the Capital Raising at both Minimum Subscription and Full Subscription.

The significant accounting policies used in the preparation of the statements of financial position are contained in the audit reviewed financial report of the Company for the 2009/2010 financial year.

The pro-forma statement of financial position includes the following adjustments:

- issue of 113,893,946 New Shares at A\$0.30 per New Share pursuant to the Rights Issue to raise A\$34,168,184 (before costs) assuming Full Subscription;
- issue of 253,333,334 Shares at A\$0.30 per Ordinary Share to raise A\$76 million pursuant to the Placement assuming Full Subscription;
- issue of no New Shares under the Rights Issue;
- estimated costs of the Capital Raising of A\$6.0 million for Full Subscription and A\$3.8 for the Placement; and
- issue of 100 Cleansing Shares pursuant to the Cleansing Offer to raise A\$30.00.



**BATHURST RESOURCES LIMITED**  
**Pro-Forma Statement of Financial Position**

	30 June 2010 Audited	30 June 2010 Pro Forma Placement (fully subscribed) (Unaudited) <sup>(1)(2)</sup>	30 June 2010 Pro Forma Placement and Rights Issue (Full subscription) (Unaudited)
Cash & Deposits	8,276,326	80,476,326	112,408,419
Other Current Assets	556,779	556,779	556,779
<b>Total Current Assets</b>	<b>8,833,105</b>	<b>81,033,105</b>	<b>112,965,198</b>
Property, Plant & Equipment	35,015	35,015	35,015
Deposit on acquisition of L&M Coal Limited	5,762,361	5,762,361	5,762,361
Other Non Current Assets	0	0	0
<b>Total Non Current Assets</b>	<b>5,797,376</b>	<b>5,797,376</b>	<b>5,797,376</b>
<b>TOTAL ASSETS</b>	<b>14,630,481</b>	<b>86,830,481</b>	<b>118,762,574</b>
Trade Creditors	383,651	383,651	383,651
Other Current Liabilities	74,690	74,690	74,690
<b>Total Current Liabilities</b>	<b>458,341</b>	<b>458,341</b>	<b>458,341</b>
Non Current Liabilities	0	0	0
<b>TOTAL LIABILITIES</b>	<b>458,341</b>	<b>458,341</b>	<b>458,341</b>
<b>NET ASSETS</b>	<b>14,172,140</b>	<b>86,372,140</b>	<b>118,304,233</b>
Issued Capital	34,397,032	110,397,032	144,565,216
Accumulated Losses	(19,964,930)	(19,964,930)	(19,964,930)
Capital Raising Costs	(1,438,833)	(5,238,833)	(7,474,924)
Reserves	1,178,871	1,178,871	1,178,871
<b>TOTAL SHAREHOLDERS EQUITY</b>	<b>14,172,140</b>	<b>86,372,140</b>	<b>118,304,233</b>

(1) The Company has received firm commitments for the whole amount of the Placement (A\$76 million).

(2) The Minimum Subscription for the Capital Raising is A\$50 million.

### 3.4 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Rights Issue, the Cleansing Issue and the Placement is set out below, assuming that the Rights Issue and Cleansing Issue are fully subscribed.

<b>Shares</b>	
Shares currently on issue	227,787,892
Shares to be issued under Placement	253,333,334
Shares to be issued under the Rights Issue	113,893,946
Shares to be issued under the Cleansing Issue	100
<b>Total issued Shares</b>	<b>595,015,272</b>

This assumes that no Options are exercised prior to the Rights Issue and the Rights Issue is fully subscribed.

<b>Options</b>	
Options exercisable at A\$0.25 expiring 31.12.2010 (listed)	4,256,169
Options exercisable at A\$0.25 expiring 31.12.2010 (unlisted)	4,596,939
Facilitation Options exercisable at A\$0.25 expiring 12.09.2011	1,000,000
Director Options exercisable at A\$0.42 expiring 01.09.2011	2,400,000
Options exercisable at A\$0.10 expiring 30.06.2012	4,000,000
Options exercisable at A\$0.155 expiring 16.06.2013	5,000,000
Options exercisable at A\$0.15 expiring 30.09.2013	9,500,000
Options exercisable at A\$0.15 expiring 30.06.2013	11,000,000
Other Options <sup>3</sup>	1,750,000
<b>Total Options currently on issue</b>	<b>43,503,108</b>
New Options to be issued <sup>4</sup>	14,689,091
<b>Total Options</b>	<b>58,192,199</b>

<sup>3</sup> These are 250,000 Options exercisable at A\$0.35 expiring 30.10.2011; 500,000 Options exercisable at A\$0.42 expiring 30.10.2011; 500,000 Options exercisable at A\$0.42 expiring 30.10.2012; and 500,000 Options exercisable at A\$0.42 expiring 30.10.2013.

<sup>4</sup> See section 6.9.

### **3.5 Effect on control**

The Rights Issue is not underwritten. The effect on control on the Company is as follows, although the consequences of that effect will depend on a number of factors including investor demand:

- if all Eligible Shareholders take up their entitlements in full under the Rights Issue, their interests will increase to the extent that New Shares cannot be taken up by Shareholders who are not Eligible Shareholders;
- the proportional interests in the Company of those Eligible Shareholders who do not take up their Entitlement will be diluted; and
- the proportional interests in the Company of Shareholders who are not Eligible Shareholders will be diluted because those Shareholders are not entitled to participate in the Rights Issue.

### **3.6 Effect for Shareholders**

If all Eligible Shareholders take up their Entitlements in full under the Offer, Shareholders' interests in the Company will not change except to the extent that the shareholding of Non-Qualifying Foreign Shareholders will be diluted, and the corresponding proportional increase in the shareholding of each Eligible Shareholder who takes up their full Entitlement.

The interests of Shareholders who do not take up their Entitlement in full will be diluted after completion of the Rights Issue to the extent of those Entitlements not taken up.

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## 4 DETAILS OF THE CLEANSING ISSUE

### 4.1 Purpose of the Cleansing Offer

On or around 5 November 2010, the Company will (subject to Shareholder approval at the Meeting) issue up to 253,333,334 million Shares under the Placement to sophisticated investors pursuant to sections 708(8) and 708(11) of the Corporations Act. In addition, the Company may place any Unallocated Shortfall Shares (in conjunction with Helmsec) within 3 months after the Closing Date. The issue of Placement Shares and Unallocated Shortfall Shares will be undertaken without disclosure to investors under Part 6D of the Corporations Act.

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

Section 708A(11) of the Corporations Act provides an exemption from this general requirement where:

- (a) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (b) a prospectus is lodged with ASIC either:
  - (i) on or after the day on which the relevant securities were issued; or
  - (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

The purpose of the Cleansing Offer is therefore to comply with section 708A(11) of the Corporations Act so that persons issued Shares under the Placement and Unallocated Shortfall can sell their Placement Shares or Unallocated Shortfall within the next twelve months without the issue of a prospectus.

The issue of Shares under the Placement and Unallocated Shortfall were not undertaken by the Company with the purpose of placing selling or transferring their Shares. However, the Directors consider that the placees should be able to sell their Shares should they wish to do so, without being required to issue a prospectus.

### 4.2 Details of the Cleansing Offer

The Company is inviting selected investors to apply for up to a total of 100 Cleansing Shares at an issue price of A\$0.30 per Cleansing Share to raise up to A\$30.00 before issue costs.

The Cleansing Offer is not underwritten.

### 4.3 Opening and closing dates

The opening date of the Cleansing Offer will be 7 October 2010 and the closing date will be 6 February 2011. The Directors reserve the right to close the Cleansing Issue early or extend the closing date (as the case may be), should it be considered by them necessary to do so.

#### **4.4 Applications**

This Cleansing Offer is only made to investors invited by the Company to subscribe for Cleansing Shares, and is not open to the general public. The Company may determine in its discretion whether to accept any or all applications.

Applications for Cleansing Shares must be made using the personalised Cleansing Offer application form attached to a paper copy of this Prospectus. To the maximum extent permitted by law, the Directors will have discretion over which applications to accept.

Applicants will need to follow the procedures advised to them by the Company for applications under the Cleansing Offer.

#### **4.5 Allotment and application money**

The Directors will determine the allottees of the Cleansing Shares.

Subject to the ASX granting the Cleansing Shares Official Quotation, it is expected that the Cleansing Shares will be issued following closing of the Cleansing Offer and that normal trading of the Cleansing Shares on ASX will commence shortly thereafter.

#### **4.6 ASX Quotation**

Application will be made within seven days of the date of issue of this Prospectus for the Cleansing Shares to be granted Official Quotation by ASX.

If the Cleansing Shares are not quoted by ASX within three months after the date of this Prospectus, the Company will not allot or issue any Cleansing Shares and will refund all application money in full as soon as practicable, without interest.

The fact that ASX may agree to grant Official Quotation of the Cleansing Shares is not to be taken in any way as an indication of the merits of the Company or the Cleansing Shares. ASX takes no responsibility for the contents of this Prospectus.

#### **4.7 Rights and Liabilities attaching to the Cleansing Shares**

The Cleansing Shares will rank equally in respect of dividends and in all other respects (e.g. voting, bonus issues) as Existing Shares.

A summary of the rights and liabilities attaching to the Cleansing Shares is set out in **section 6.2**.

#### **4.8 Use of funds**

The A\$30.00 raised from the Cleansing Issue will be applied towards issue costs.

#### **4.9 Effect of the Cleansing Issue on capital structure**

The effect of the Cleansing Issue on the capital structure of the Company is set out in **section 3.4**.

## 5 RISKS

### 5.1 Introduction

There are a number of factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company and the value of an investment in the Company. Some of these factors can be mitigated by appropriate commercial action. Many are, however, outside the control of the Company, are dependent on the policies adopted and approaches taken by regulatory authorities or otherwise cannot be mitigated. Based on the information available, some of the risk factors facing the Company are set out below. This list is intended to be indicative only and not exhaustive.

You should carefully consider the risks and uncertainties set out below and the information contained elsewhere in this Prospectus before you decide whether to apply for New Shares.

### 5.2 Company specific risks

#### ***Acquisition of the Buller Coal Project***

Funds raised from the Placement and Rights Issue will be used to complete the purchase of the Buller Coal Project and to fund the costs of the mine development at Escarpment. The Company's acquisition of the Buller Coal Project is subject to satisfaction of a number of conditions precedent summarised in the Notice of Meeting announced to ASX on 6 October 2010. The acquisition will not proceed unless these conditions are satisfied or waived by the party entitled to the benefit of that condition.

#### ***The Company is depending on achieving successful operations at the Buller Coal Project***

As announced on 29 March 2010, the Company's activities are focused on the Buller Coal Project. Accordingly, any adverse changes or developments affecting the Buller Coal Project, discussed in further detail below, may have a material adverse effect on the Company's financial performance and results of operations.

#### ***Operating risks and costs***

The proposed mine at Escarpment will be a new mine and the first development undertaken by the Company. A new mine operation has no operating history on which to base estimates of future operating costs and capital requirements. Unforeseen geological, geotechnical, seismic and mining conditions (including significant geological faults which have not already been identified) or breakdown of equipment could also adversely affect mining and transport operations and result in increased operating costs or, in the extreme, closure of the mine. Industrial accidents, labour disputes, extreme weather conditions, changes to customs duty, increases in the cost of fuel and other expenses which are outside of the Company's control could also adversely affect the Company's operations and financial results.

In addition, the construction of the proposed mine may exceed the currently envisaged timeframe or cost for a variety of reasons out of the Company's control. Any delays to the construction of the mine could adversely affect the Company's operations and financial results and may require the Company to raise further funds to complete the construction and commence operation of the Project.

#### ***Failure to enter into, or reliance on major customers, for sales/off-take***

The Company is yet to establish sales or off-take agreements for its planned production of coal for the Buller Coal Project. Assuming the Company is able to secure sales or off-take agreements in the future, the Company may depend upon a small number of large customers, the loss of any of which, or inability to collect payment from, could adversely affect Bathurst's results of operations and financial condition.

Furthermore, the Company's ability to receive payment for coal sold and delivered depends on the continued creditworthiness of its customers. If the Company is unable to collect payments from any of these customers, the Company's financial condition and results of operations could be materially adversely affected. Should the Company be unable to find customers to purchase its produced volume, its financial results may be adversely affected.

***Fluctuations in coal prices***

In the event the Company acquires and is able to develop the Buller Coal Project, the supply of coal from the Project is dependent upon the price of coal being adequate to make the project economic.

Coal price fluctuations reflect a variety of inputs including world productions levels, international economic trends, currency exchange rate fluctuations, expectations for inflation, speculative activity, consumption patterns and global or regional political events. The combined effect of these inputs is impossible to predict with any certainty.

Future serious price declines in the market value of coal could cause the acquisition, development of, and eventually the commercial production from, the Buller Coal Project to be rendered uneconomic. Depending on the price of coal, the Company could be forced to discontinue production or development and may be forced to sell, the Buller Coal Project. There is no assurance that, even as commercial quantities of coal are produced, a profitable market will exist for them.

***Coal production rates***

The Company has completed detailed production modelling as part of its mine design and planning process. This modelling has been based on corehole drilling, sampling, geographic mapping and modelling, surface mapping and other geographic surveying of the coal seam to be mined by the Company as well as detailed mine operation design and equipment utilisation planning. While the Company is confident in its production modelling, there is the potential for actual production to be different to that modelled as a result of geological conditions being different to those expected or mining equipment and processes not achieving the expected development or production rates. In particular, there is a risk that the Company's production ramp up could be longer than modelled, or for actual coal production rates to be different than modelled. This would impact the Company's production profile and therefore the Company's revenues and financial performance. In addition, a slower ramp-up than expected may impact the timing of coal production and, consequently, the achievement of the Company's target production profile.

***Resource consents and access agreements***

The granting of a mining permit under New Zealand law does not give the permit holder an automatic right of access to the relevant land. The Company's mining operation must comply with the terms and conditions of numerous resource consents and access agreements which are yet to be provided or entered into (though applications have commenced). Failure to obtain resource consents or enter into access agreements, or consents or access agreements granted or entered into with onerous conditions, may cause the Project to no longer be economical or, in the extreme, may mean the Company cannot commission the mine.

Continued access to the proposed mine will be dependent on satisfying certain environmental and other requirements (including with respect to subsidence and water quality thresholds) under the proposed terms of the Company's access agreements to be entered into with third parties (including the Crown). Failure to satisfy such requirements could lead to delays in mine operations, the loss or non-renewal of resource consents or, in the extreme, the loss of access rights to the mine.

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The Company has filed an application for access arrangements but is yet to enter into an access agreement with the Department of Conservation (DOC). The consent of DOC is required before the Company may commence any mining operations in the area under the Buller Coal Project. Whilst the Company believes it is likely to finalise the agreement and obtain the consent, there is a risk that the agreement and consent may not be provided, delayed, or be provided on terms unfavourable to the Company.

Certain additional resource consents, or amendments to existing resource consents, will also be required in the future in respect of various coal deposits within the Buller portfolio. However, the Company believes that it is likely to obtain such consent provided it demonstrates that such mining operations would have a low environmental impact.

It may be necessary for the Company to also apply for additional consents or vary or renew existing consents as it proceeds with development of the mine in order to access the full coal volumes included in the mine plan. When the Company applies for additional consents, or applies to vary or renew existing consents, there is a risk that onerous conditions may be attached to such consents or that necessary approvals may not be granted.

### ***Infrastructure***

Coal produced from the Company's mining operations is intended to be transported to customers by a combination of road, slurry, rail and sea. A number of factors could disrupt these transport services, including the failure of the Company to secure capacity on the rail and port systems from existing users, key equipment and infrastructure failures, weather-related problems and industrial action, thereby impairing the Company's ability to supply coal to customers.

The Company would need to secure capacity on the rail and port systems from existing users or these systems would need to be increased in order for the Company to secure sufficient capacity to meet its proposed mine plan requirements. There is a possibility that the Company may not secure capacity from existing users or that a capacity increase may not occur on either the rail system or the port system or both.

The Company has commenced discussions with existing users and potential providers of rail and port capacity. To date, no definitive agreements have been entered into, and there is a possibility that the Company will not enter into arrangements with existing users, rail providers and port owners for use of services or will not be able to enter into arrangements on terms acceptable to the Company.

### ***Transport***

Transport costs will form a material portion of the Company's total cost of providing coal to customers. Risks associated with the coal transport chain include damage to the coal loader at port, industrial action, road closures, dependency on contractors for coal transport and reliance on international shipping contractors to deliver coal to overseas customers.

### ***Electricity***

Mining and coal preparation activities at the proposed mine will use significant amounts of electricity. The Company's mining operations may therefore be adversely affected by increases to the price of electricity and the reduction or loss of electricity supply. In New Zealand electricity is predominantly generated by hydro-electric dams. Electricity price increases or disruptions to supply may occur in dry years when the water levels of hydro-electric lakes are low. The Company will manage this risk through securing long term electricity supply contracts and will consider appropriate hedging arrangements. Disruptions to supply may also occur as a result of damage to the infrastructure used to supply electricity to the mine (whether as the result of adverse weather conditions, accident, or other unforeseen events).



### **Financing**

If the Company fails to raise the amount of A\$110.2 million it will require further finance to complete the development of the Buller Coal Project. Similarly, in the event of increased costs of construction the Company may be required to raise further funds.

Any equity financing, if available, will result in further dilution of existing shareholders. Any debt financing, if available, may involve restrictions on financial and operating activities. There is no certainty the Company will be able to obtain such equity or debt funding and if so on what terms.

### **5.3 Mining industry risks**

#### ***Exploration and evaluation risks***

The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining permits and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Company's existing or future exploration and mining permits may be unsuccessful, resulting in a reduction of the value of those permits, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining permits.

#### ***Ability to exploit successful discoveries***

It may not always be possible for the Company to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploration would involve obtaining the necessary licences or clearances from the relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploration may require participation of other companies whose interests and objectives may not be the same as the Company's.

#### ***Mining and development risk***

Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of the Company. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

#### ***Resource and Reserve estimations***

Resource and reserve estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource and reserve estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource and reserve estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource and reserve estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource and reserve estimates may need to be altered in a way that could adversely affect the Company's operations.

#### ***Geological and geotechnical risk***

There is a risk that, while the Buller Coal Project has sufficient quality reserves and resources, unforeseen geological and geotechnical difficulties, including coal quality, may be encountered when mining the reserves. This would cause a loss of revenue due to lower production than expected and/or higher operations and maintenance costs and/or on-going unplanned capital expenditure in order to meet coal production targets. While there is a considerable amount of

data and knowledge of the likely geological issues, the region is prone to faults and dykes. The Company will continue to assess the exposure to such risks and to manage them should they occur.

***Commodity price risks***

To the extent the Company is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations, technological advancements, forward selling activities and other macro-economic factors.

In addition to adversely affecting the reserve estimates of the Company and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

***Currency fluctuations***

The Company's revenues are intended to be largely denominated in United States dollars while the majority of expenses are paid in Australian and New Zealand dollars. Currency exchange rate fluctuations, in particular the price of the Australian and New Zealand dollar relative to the United States dollar, may have an impact on the performance of the Company. The Company does not currently have in place any foreign exchange hedge cover for existing production and sales. The Company will look to implement hedging strategies if considered appropriate. Until such time as it does, the Company is exposed to currency exchange rate movements.

Coal contracts are currently written in US dollars. The effect on the Company of any change in this situation is not able to be predicted.

***Environmental risks***

The operations and proposed activities of the Company in New Zealand are subject to New Zealand's environmental laws and regulations. Failure to meet environmental laws and regulations could lead to a halt or forfeiture in mining rights.

As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Company is in the process of applying for relevant environmental approvals for the Buller Coal Project. There is a risk that the Company may not obtain the relevant environmental approvals, or if obtained, may be on terms that affect or restrict the intended operations of the Company. The financial performance of the Company could be adversely affected if such approvals are not obtained or obtained on terms that restrict the Company's intended operations.

***Title risks***

Interests in permits in New Zealand are governed by legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in permits if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

### **Contractors**

The Directors are unable to predict the risk of the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

### **Reliance on key personnel**

The Company's success depends largely on the core competencies of its Directors and management, and their familiarisation with, and ability to operate, in the coal mining industry as well as the Company's ability to retain its key executives.

### **Competition**

The Company competes with other companies, including major international mining companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

An increase in production or reduction in price of competing coals from both New Zealand and overseas may adversely impact on the Company's ability to sell its coal products and the price attained for sales. Increased competition in the future, including from new competitors, may emerge.

The impact of these factors could potentially have an adverse impact on the financial performance of the Company.

### **Insurance and uninsured risks**

The business of the Company is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company intends to ensure that insurance is maintained to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons.

Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### **Government regulation**

The mining, processing, development and mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, and other matters. Although the exploration and development activities of the Company intend to be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of mining and

milling or more stringent implementation thereof could have a substantial adverse impact on the Company. In addition, no assurance can be given that the Company will obtain all relevant permits and approvals required for its projects or that those permits and approvals will be on terms that do not materially affect or restrict the intended operations of the Company.

#### **5.4 General investment risks**

##### ***Economic risk***

General economic conditions in Australia, New Zealand and internationally, movements in interest, inflation and currency exchange rates, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian, New Zealand and foreign taxation laws and changes to dividend imputation in Australia may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

##### ***Market conditions***

The market price of shares and other securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

##### ***Security investments***

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of shares and other securities in the Company regardless of the Company's performance.

##### ***Liquidity risk***

There may be relatively few buyers or sellers of securities on ASX at any given time. This may affect the volatility of the market price of the securities and the prevailing market price at which shareholders are able to sell their shares. This may result in shareholders receiving a market price for their shares that is less or more than the price paid.

##### ***Taxation***

Shareholders should be aware that there may be taxation implications in respect of an investment in the Company's shares. These taxation implications will vary between different applicants and applicants should consult their professional adviser in connection with the taxation implications of investment in shares.

The Company does not propose to give any taxation advice in relation to the acquisition or disposal of shares and neither the Company nor any of its officers, employees, agents and advisers accepts any responsibility or liability in respect of any taxation consequences in connection with the Shares.

The Company is subject to possible tax inefficiencies given that the Company is based in Australia but operating in New Zealand. There is a risk that if the Company elects to pay dividends, Shareholders may not be entitled to franking credits on those dividends and will incur a taxation liability as a result. The Company is currently reviewing this position with its advisers.

##### ***Other***

Other risk factors include those normally found in conducting business, including litigation through breach of agreements or in relation to employees (through personal injuries, industrial matters or

otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel and other matters that may interfere with the Company's business or trade.

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## 6 ADDITIONAL INFORMATION

### 6.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in section 111 AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class of shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of new shares on the Company and the rights attaching to the new shares. Provided the Company has otherwise complied with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules, it is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Eligible Shareholders should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the financial statements of the Company for the financial year ended 30 June 2010, being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus; and
  - (ii) any documents used to notify ASX of information relating to the Company in the period from lodgment of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgment of the 2010 audited financial statements:

Date	Description of Announcement
7/10/2010	Change in substantial holding
6/10/2010	Notice of Meeting
5/10/2010	Letter to Optionholders
5/10/2010	Appendix 3B – Rights Issue
5/10/2010	Re-instatement to Official Quotation
5/10/2010	Bathurst Announces A\$110 Million Equity Raising
1/10/2010	Appendix 3B – Exercise of Options

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

## 6.2 Rights attaching to New Shares and Cleansing Shares

The New Shares and Cleansing Shares to be issued pursuant to this Prospectus will be Shares and will rank equally with existing Shares. The rights attaching to Shares are set out in the Constitution as regulated by the Corporations Act, the ASX Listing Rules and general law. The Constitution is in a form common to listed companies in Australia. A summary of the rights attaching to Shares is set out below:

- (a) Subject to the Constitution of the Company and any rights or restrictions at the time being attached to a class of shares, at a general meeting of the Company every Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each Share held by the Shareholder. In the case of an equality of votes, the chairperson has a casting vote.
- (b) Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, the Company may pay dividends as the Directors resolve but only out of profits of the Company. The Directors may determine the method and time for payment of the dividend.
- (c) Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus must be divided among the shareholders of the Company.
- (d) Generally, shares are freely transferable, subject to satisfying the requirements of the ASX Listing Rules, ASTC Settlement Rules and the Corporations Act. The Directors may decline to register any transfer of Shares but only where permitted to do so by the Corporations Act, the ASX Listing Rules, the ASTC Settlement Rules, or under the Company's Constitution.
- (e) Subject to the Corporations Act, the ASX Listing Rules, the ASTC Settlement Rules and any rights attached to a class of shares, the Company (under the control of the Directors) may allot and issue shares and grant options over shares, on any terms, at any time and for any consideration, as the Directors resolve.
- (f) Subject to the Corporations Act, the ASX Listing Rules, the ASTC Settlement Rules and the terms of issue of shares in a particular class, the Company may vary or cancel rights attached to shares in that class by either special resolution passed at a general meeting of

the holders of the shares in that class, or with the written consent of the holders of at least 75% of the votes in that class.

- (g) Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the ASX Listing Rules.

### 6.3 Litigation

The Company is not involved in any actual or threatened litigation or administrative action which could have a material effect on the Company, or the issue of New Shares or Cleansing Shares pursuant to this Prospectus.

### 6.4 Disclosure of Interest of Directors

Other than as set out below or elsewhere in this Prospectus:

- no Director or proposed director has, or has had in the two years before the date of this Prospectus, any interests in the formation or promotion of the Company or the offer of the New Shares or the Cleansing Shares, or in property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of the New Shares or the Cleansing Shares; and
- no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or proposed director to induce him or her to become, or to qualify as, a Director of the Company, or otherwise to any Director or proposed director for services which he or she has provided in connection with the formation or promotion of the Company or the offer of the New Shares or the Cleansing Shares.

The Constitution of the Company provides that the Directors may be paid for their services as Directors. Non-executive Directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Non-executive Directors and in default of agreement then in equal shares.

In the two years preceding lodgment of this Prospectus, A\$880,683 (excluding GST where applicable) has been paid by the Company by way of remuneration for services provided by all Directors, companies associated with the Directors or their associates in their capacity as Directors, employees, consultants or advisers. Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

### 6.5 Directors' Interests in Shares and Options

The Directors and their associated entities currently have the following shareholdings in the Company:

Director	Securities
Craig Munro	200,000 Shares 2,000,000 unlisted Options exercisable at A\$0.15 expiring on 30 June 2013



Hamish Bohannan	5,645,000 Shares 2,400,000 unlisted Options exercisable at A\$0.42 expiring on 1 September 2011 5,000,000 unlisted Options exercisable at A\$0.15 expiring on 30 June 2013
Gerald Cooper	200,000 Shares 500,000 unlisted Options exercisable at A\$0.42 expiring on 31 October 2011 500,000 unlisted Options exercisable at A\$0.42 expiring on 31 October 2012 500,000 unlisted Options exercisable at A\$0.42 expiring on 31 October 2013 2,500,000 unlisted Options exercisable at A\$0.15 expiring on 30 June 2013
Rob Lord	217,000 Shares 1,000,000 unlisted Options (subject to Shareholder approval at Annual General Meeting)

Each Director will be entitled to participate in the Rights Issue to the extent that the Director holds Shares at the Record Date. Craig Munro, Hamish Bohannan, Gerald Cooper and Rob Lord all intend to apply for their full Entitlement under the Rights Issue.

In addition, the Directors intend to participate in the issue of Shortfall Shares (if any) under the Rights Issue. The Directors' participation is subject to the approval of Shareholders at the Meeting.

#### **6.6 Interests and fees of experts and other persons involved in the Rights Issue**

Except as set out below or otherwise disclosed in this Prospectus, no person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus and no financial services licensee named in the Prospectus involved in the issue of New Shares or Cleansing Shares:

- has any interest, or has had any interest during the last two years, in the formation or promotion of the Company or the offer of the New Shares, or in property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of the New Shares or Cleansing Shares; or
- been paid or agreed to be paid, and no benefit has been given or agreed to be given, for services provided by such persons in connection with the formation or promotion of the Company or the offer of the New Shares or Cleansing Shares.

#### **Helmsec Global Capital Limited**

Under the terms of the Placement Agreement between the Company and Helmsec, Helmsec are entitled to be paid the following fees (exclusive of GST) (subject to third party intermediary payments by Helmsec):

- (a) a Placement fee equal to 5% of the amount raised under the Placement;
- (b) a Rights Issue fee equal to 5% of the amount raised under the Rights Issue;
- (c) a Rights Issue stamping fee equal to 1% (up to a maximum of A\$1,000 per application) of the amount subscribed for under the Rights Issue pursuant to valid applications that bear the Helmsec stamp, or which have been procured by Helmsec from existing Shareholders, or for which Helmsec has received or signed commitments to take up entitlements under the Rights Issue or Shortfall; and
- (d) a shortfall fee equal to 5% of the amount raised under the Shortfall offer.

The Placement Agreement also requires the Company to grant New Options to parties nominated by Helmsec (including intermediaries) equal to 4% of the number of Shares issued under the Capital Raising. These New Options are offered on the terms set out in **section 6.9**. The New Options will not be granted to related parties of the Company.

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The Company has also agreed to pay Helmsec's costs incurred in connection with the Rights Issue and the Placement, including legal costs.

#### **Allion Legal**

Allion Legal has acted as legal adviser to the Company in relation to the Rights Issue. Allion Legal has been paid or is entitled to be paid fees of approximately A\$60,000 to the date of this Prospectus in connection with the preparation of this Prospectus. Allion Legal may become entitled to further fees for work performed after the date of this Prospectus based on its usual hourly charge out rates.

#### **6.7 Expenses of the Rights Issue**

All expenses connected with the Rights Issue are being borne by the Company. The total estimated costs to be incurred by the Company in connection with the Rights Issue, including the management fees, advisors' fees and quotation and administrative fees, are estimated to be approximately A\$2.24 million.

#### **6.8 Consents and disclaimers**

##### **Lead Manager**

Helmsec Global Capital Limited has given, and has not before the lodgement of this Prospectus with ASIC withdrawn, its consent to the issue of the Prospectus which includes the reference to Helmsec Global Capital Limited in the form and context in which it is included. Helmsec Global Capital Limited does not make, or purport to make, any statement that is included in the Prospectus and there is no statement in the Prospectus which is based on any statement by Helmsec Global Capital Limited. To the maximum extent permitted by law, Helmsec Global Capital Limited expressly disclaims and takes no responsibility for any part of the Prospectus other than the reference to its name.

##### **Legal Adviser**

Allion Legal has given, and has not before the lodgement of this Prospectus with ASIC withdrawn, its consent to being named as legal adviser to the Company and the Rights Issue made under this Prospectus in the form and context in which it is named. Allion Legal has not made any statement that is included in the Prospectus or any statement on which a statement made in the Prospectus is based. To the maximum extent permitted by law, Allion Legal expressly disclaims, and takes no responsibility for any part of the Prospectus.

##### **Auditor**

WHK Horwath has given, and has not before the lodgement of this Prospectus with ASIC withdrawn, its consent to being named as auditor to the Company and to the inclusion of the Company's audited statement of financial position as at 30 June 2010 in the form and context in which they appear in **section 3.3** of this Prospectus. WHK Horwath has not made any statement that is included in the Prospectus or any statement on which a statement made in the Prospectus is based. To the maximum extent permitted by law, WHK Horwath expressly disclaims, and takes no responsibility for any part of the Prospectus.

#### **6.9 New Options**

As discussed in **section 6.6**, the Company has agreed to issue New Options in connection with the Rights Issue equal in number (in aggregate) to 4% of the number of:

- (a) Placement Shares issued under the Placement;
- (b) New Shares issued under the Rights Issue (including Shortfall Shares); and
- (c) Unallocated Shortfall Shares placed by the Company.

In accordance with the Placement Agreement, the Company offers the New Options to Helmsec and persons receiving a personalised application form accompanying the paper copy of this Prospectus.

The New Options will be issued by the Company under this Prospectus and will be on the following terms and conditions:

- (a) Each New Option shall entitle the Optionholder, when exercised, to one Share.
- (b) The New Options are exercisable wholly or in part at any time prior to 5.00 pm (WST) on the date that is 3 years after the date of grant. New Options not exercised by that date shall automatically lapse.
- (c) The exercise price is A\$0.36 per New Option.
- (d) Each New Option may be exercised by notice in writing to the Company, together with the payment for the number of Shares in respect of which the New Options are exercised, at any time before the relevant expiry date. Any notice of exercise of a New Option received by the Company will be deemed to be a notice of the exercise of that New Option as at the date of receipt. An exercise is only effective when the Company has received the full amount of the exercise price in cleared funds.
- (e) The Company will not apply for quotation of the New Options. However, the Company will apply for quotation of the Shares issued upon exercise of the New Options within the time period required by the Listing Rules after the date of allotment. Subject to the Corporations Act, the Constitution and the Listing Rules, the New Options are freely transferable.
- (f) There are no participating rights or entitlements inherent in the New Options and Optionholders will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 9 Business Days after the issue is announced so as to give Optionholders the opportunity to exercise their New Options before the date for determining entitlements to participate in any issue.
- (g) Shares issued upon exercise of the New Options will be issued following receipt of all the relevant documents and payments and will rank equally in all respect with the then issued Shares.
- (h) The rights attaching to any Shares issued upon exercise of the New Options are the same as those set out in **section 6.2**.
- (i) If at any time the issued capital of the Company is reorganised, the rights of an Optionholder are to be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (j) If, from time to time, before the expiry of the New Options the Company makes a pro rata issue of Shares to Shareholders for no consideration, the number of Shares over which a New Option is exercisable will be increased by the number of Shares which the Optionholder would have received if the New Option had been exercised before the date for calculating entitlements to the pro rata issue.
- (k) A New Option does not confer the right to a change in exercise price or a change in the number of the underlying Shares over which the New Option can be exercised.

The effect of the issue of New Options under this Prospectus (assuming Full Subscription under the Capital Raising) is that the number of Options on issue will increase from 43,503,108 to 58,192,199. No funds will be raised from the issue of the New Options. If the maximum number of New Options are issued and all ultimately exercised, it will result in a further 14,689,091 Shares being issued and the Company's cash reserves will increase by approximately \$5,288,073. There is no certainty as to when, or to what extent, any New Options will be exercised. Any funds raised from the exercise of any New Options will be applied firstly towards the development of the Project and otherwise used for working capital.

## 6.10 Directors' consents

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed by Craig Munro as Chair on behalf of the Directors of the Company:



**CRAIG MUNRO**  
**CHAIRMAN**  
7 October 2010



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## 7 DEFINITIONS AND GLOSSARY

In this Prospectus the following definitions apply unless the context requires otherwise.

**A\$, AUD or dollars** means Australian dollars.

**AEDT** means Australian Eastern Daylight Time.

**ASIC** means Australian Securities and Investments Commission.

**ASTC** means ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532).

**ASTC Settlement Rules** means the operating rules of ASTC or of any relevant organisation which is an alternative to, or successor or replacement of, ASTC or any applicable clearing and settlement facility operator.

**ASX** means Australian Securities Exchange Limited (ABN 98 008 624 691).

**ASX Listing Rules** or **Listing Rules** means the official listing rules of the ASX.

**Bathurst** or the **Company** means Bathurst Resources Limited (ACN 125 679 469).

**Board** means the Board of Directors of the Company.

**Buller Coal Project** or **Project** means the exploration and development project in the Buller coalfield in New Zealand on Crown Minerals Exploration Permits EP40628 and EP51078 and Mining Permit MP51279.

**Business Day** means a day, other than a Saturday or Sunday, on which banks are open for general banking business in Perth.

**Capital Raising** means the Rights Issue and the Placement.

**CHESS** means Clearing House Electronic Sub-register System.

**Cleansing Issue** means the issue of up to 100 Cleansing Shares under this Prospectus

**Cleansing Offer** means the offer of 100 Cleansing Shares at an issue price of \$0.30 per Cleansing Share.

**Cleansing Share** means a fully paid ordinary share in the capital of the Company to be issued under this Prospectus pursuant to the Cleansing Issue.

**Closing Date** means the date by which completed Entitlement and Acceptance Forms must be received by the Share Registrar, being 5 November 2010 or such other date determined by the Company and Helmsec.

**Constitution** means the constitution of the Company.

**Corporations Act** means the *Corporations Act 2001* (Cth) and *Corporations Regulations 2001*.

**Directors** means the directors of the Company for the time being.

**Eligible Shareholder** means a Shareholder as at the Record Date other than a Non-qualifying Foreign Shareholder.

**Entitlement** means the entitlement of an Eligible Shareholder to subscribe for New Shares pursuant to the Rights Issue under this Prospectus.

**Entitlement and Acceptance Form** means the personalised entitlement and acceptance form for the Rights Issue that is referred to in, and accompanied by, a paper copy of this Prospectus.

**Full Subscription** means the Company raises approximately A\$110.2 million by the issue of 367,227,280 Shares pursuant to the Capital Raising.

**Helmsec Global Capital** or **Helmsec** means Helmsec Global Capital Limited (ABN 77 129 825 798) of Level 17, 15 Castlereagh Street, Sydney, New South Wales, Lead Manager to the Capital Raising.

**Institutional Investor** means an investor to whom sections 708(8) and 708(11) of the Corporations Act apply and who is invited by the Company to apply for Placement Shares.

**Issue Price** means A\$0.30 for each New Share issued to Eligible Shareholders pursuant to the Rights Issue.

**Meeting** means the general meeting of Shareholders convened for 4 November 2010 to approve the Placement and change of scale in the Company as announced to the ASX on 6 October 2010.

**Minimum Subscription** means the amount of A\$50,000,000.

**Mtpa** means million tonnes per annum.

**New Shares** means the Shares offered under this Prospectus pursuant to the Rights Issue.

**New Option** means an Option, exercisable at A\$0.36 and expiring three years after the date granted, to be issued under this Prospectus.

**Non-qualifying Foreign Shareholders** means a Shareholder whose registered address is not situated in Australia or New Zealand.

**Offer** means the offer made under the Rights Issue.

**Option** means an option to subscribe for a Share.

**Optionholders** means holders of options.

**Placement** means the offer of up to 253,333,334 Placement Shares at a price of A\$0.30 per Placement Share to Institutional Investors.

**Placement Agreement** means the agreement dated 4 October 2010 between the Company and Helmsec Global Capital.

**Placement Shares** means the 253,333,334 new Shares to be issued to Institutional Investors pursuant to the Placement.

**Prospectus** means this prospectus dated 7 October 2010 as modified or varied by any supplementary or replacement prospectus which has been made by the Company and lodged with the ASIC from time to time and any electronic version of this prospectus or any supplementary or replacement prospectus.

**Record Date** means 5pm (AEDT) on 18 October 2010.

**Registry** or **Share Registry** means Security Transfer Registrars Pty Ltd.

**Rights Issue** means the issue of 113,893,946 New Shares pursuant to and in accordance with this Prospectus.

**Shareholder** means a registered holder of Shares in the Company.

**Shares** means fully paid Shares in the capital of the Company.

**Shortfall** means the number of New Shares not taken up under the Rights Issue.

**Shortfall Shares** means New Shares for which successful valid applications for Entitlements have not been received by the Closing Date.

**Unallocated Shortfall Shares** means the number of Shortfall Shares not applied for, and issued to, Eligible Shareholders under the Prospectus.

**US\$, USD** or **US dollars** means United States dollars.

## 8 DIRECTORY

### DIRECTORS

Craig Munro, Chairman  
Hamish Bohannon, Managing Director  
Gerald Cooper, Executive Director  
Rob Lord, Non-Executive Director

### JOINT COMPANY SECRETARIES

Graham Anderson  
Tim Manners

### REGISTERED OFFICE

Suite 5, 1327 Hay Street,  
West Perth WA 6005  
Tel: +61 8 9481 2100  
Fax: +61 8 9481 2001

### LEAD MANAGER

Helmsec Global Capital Limited  
Level 17, 15 Castlereagh St  
Sydney NSW 2000  
Tel: +61 2 9993 4444  
Fax: +61 2 9993 4433

### LEGAL

Allion Legal  
Level 2  
50 Kings Park Road  
West Perth WA 6005  
Tel: +61 8 9216 7100  
Fax: +61 8 9324 1075

### SHARE REGISTRARS

Security Transfer Registrars Pty Ltd\*  
770 Canning Highway  
Applecross WA 6153  
Tel: +61 8 9315 2333  
Fax: +61 8 9315 2233

### AUDITORS

WHK Horwath\*  
Level 6  
256 St Georges Terrace  
Perth WA 6000

\* For information purposes only. These parties have not been involved in the preparation of this Prospectus.