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## Buller DFS Finalised

### Highlights:

- **Definitive Feasibility Study ("DFS") results validated by independent peer review.**
- **DFS confirms the technical and economic feasibility of the Buller Coking Coal Project.**
- **Capital expenditure for Escarpment and Deep Creek is estimated at US\$64.1 million plus contingency of US\$5.1 million.**
- **Mining, processing and transport costs estimated at US\$84 per tonne FOB.**
- **Production rate to start at 1 Mtpa from Escarpment increasing to 2 Mtpa of Hard Coking Coal ("HCC") with production from Deep Creek.**
- **Quality of Buller HCC superior to Australian HCC.**

### 1. Overview

Bathurst Resources Limited ("Bathurst") is pleased to announce results from its DFS on the Buller Project. Interim results, as announced on the 18 August 2010, confirmed the Project's viability, based solely on Escarpment. The mine plan and related studies for Deep Creek have since been completed and the DFS finalised and independently reviewed. The DFS results are:

- Consistent with guidance provided to the market on likely Capital Expenditure and Operating Costs,
- Extend the mine life with the addition of Deep Creek; and
- Confirm the economic and technical viability of the Buller Project

As advised on 14 April 2010, Bathurst commissioned Marston and Marston, Inc. ("Marston") to conduct a DFS on the Escarpment Mine and Coal Processing Plant ("CPP"), as the first stage of the Buller Project. The interim DFS results, which were announced in August 2010, have been updated with the addition of a mining study for the Deep Creek block which expands the Project.

The interim DFS was based on the Escarpment Block. Its findings were that while the Escarpment Block was feasible as a stand-alone operation, there was significant upside potential. Further resources on the Denniston Plateau would extend the operating life of the Project and increase the returns to shareholders. A drilling programme was subsequently completed at Deep Creek and a resource announced on 2 September 2010. A mining study has now been completed and incorporated within the DFS, increasing the total mining reserve for the Buller Project to 12.1 Mt enabling an initial mine life of 9 years.

## 2. Background

Bathurst Resources plans to develop the Buller Project. Initially this will involve commencing mining at the Escarpment Block. This will be followed in FY2013 by the development of the Deep Creek mine.

The resource base for the two prospects are 7.3Mt and 10.9Mt respectively totalling 18.2Mt out of the Buller Project total resource of 47.1Mt. Proved and Probable Reserves identified to date total 12.6Mt run-of-mine (ROM) coal with Escarpment providing 4.1Mt and 8.5Mt from Deep Creek.

In addition to the Proved and Probable Reserves, a further 2.1Mt of Inferred coal resource falls within the pit shell of Escarpment. This additional coal is classified as Inferred due to the presence of old workings, and therefore is not included in the Reserve. It is however, Bathurst's intention to mine the coal located in the old workings at the Escarpment in accordance with the results of the DFS.

### Initial Reserve Estimate

Within optimised pit shells:

(Mt):	JORC Reserve	Product Coal
Escarpment	4.1	2.7
Deep Creek	8.5	7.5
<b>TOTAL</b>	<b>12.6</b>	<b>10.2</b>

As noted, in addition to the above there is approximately 2.1 Mt of Inferred coal resources (ROM) in Escarpment which will be mined, processed and sold. It is expected that processing this material will produce approximately 1.4 Mt of product coal.

## 3. Buller Project

### 3.1 Mining & Processing

Both the Escarpment and Deep Creek blocks are planned to be conventional open cast coal mining operations, utilising diesel powered hydraulic excavators and rear dump trucks to mine and haul the coal to the Coal Preparation Plant ("CPP"). At full production, the two mining blocks should produce approximately 3 Mtpa of raw coal which after washing through the CPP would produce 2.0Mt of Product (or Saleable) coal ("HCC").

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

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

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

In addition to these capital items, a dedicated haul road will need to be constructed, including a bridge across the Upper Waimangaroa River, to access the Deep Creek block.

### 3.2 Capital Expenditure

The CPP has been designed to process up to 2.0Mtpa of ROM coal. The CPP comprises an enclosed plant, stockpiles of raw coal, product coal and coarse reject, feed and product conveyors a thickener and a control room. Included in the design of the CPP is the capacity to bypass the plant and direct transport raw coal to the rail load out, since a proportion of the coal, particularly at Deep Creek, should not require washing, allowing total production of saleable product to increase to 2 Mtpa.

The coal transport pipeline system between the CPP and the de-watering system at Fairdown is 11km long. Additional infrastructure includes office facilities in Westport, dams for raw and process water, light vehicles and site access roads.

The Project capital costs as estimated in the DFS are as follows:

Description	Capital (US\$m)
Preproduction (Pre strip)	14.5
Coal Processing Plant	18.5
Pipeline & De-Watering System	21.5
Mine Infrastructure & Other	2.5
Deep Creek infrastructure	7.1
<b>Total Capital Expenditure</b>	<b>64.1</b>
Contingency	5.1
<b>Total including Contingency</b>	<b>69.2</b>

The additional US\$7.1m for Deep Creek includes a bridge and haul road to the CPP.

### 3.3 Mine Production

Marston has prepared a mine schedule that commences with the Escarpment block at an initial annualised mining rate of 0.65 Mtpa increasing to 1.0 Mtpa in 2013. The Deep Creek block is to be developed in 2013 bringing annual production first to 1.5 Mtpa then to 2.0 Mtpa in FY2015.

The DFS shows the following production profile:

Prospects	FY 12	FY 13	FY 14	FY 15
Escarpment	359	783	1,000	1,000
Deep Creek		317	750	1,000
<b>TOTAL TONNES</b>	<b>359</b>	<b>1,100</b>	<b>1,750</b>	<b>2,000</b>

The Escarpment has a life of mine strip ratio of 9.5:1 (Waste bcm to ROM tonnes) with Deep Creek having a strip ratio of 5.6:1. Raw coal will be transported to the CPP where the yield ranges from 65% to 75% depending upon feed for washed coal and will be 100% for direct shipping production from Deep Creek.

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

It is Bathurst's intention to develop further mining operations in the Southern and Northern Buller Project tenements in the medium term. This will be aided by the recent acquisition, which is subject to Overseas Investment Office approval, of Eastern Resources Limited ("Eastern"). Eastern owns the Cascade coking coal mine and has the highly prospective Whareatea West project.

Bathurst's intention is to be a 4Mtpa coking coal producer in 2016. During the course of FY2011 the company plans to undertake further drilling and mine evaluation work such that a platform for developing additional mines can be implemented.

### 3.4 Operating Costs

The DFS estimates the average production costs for the combined Escarpment-Deep Creek operation to be as follows:

Description	Cost per Saleable Tonne (US\$/t)
Mining & Processing costs	51
Rail & Port Costs	33
<b>Total FOB Operating Costs</b>	<b>84</b>

These costs have been significantly reduced from the previously released interim DFS figures due mainly to:

- Lower strip ratio (and hence operating costs) at Deep Creek; and
- Direct shipping coal bypassing the CPP.

### 3.5 Regulatory Approvals

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

Approval	Status	Comments
Mining Lease	Granted	Now preparing Deep Creek application
Exploration Licence Extension	Granted	Extends to 2015
OIO Approval	Granted	Now seeking approval for Eastern acquisition
Access Arrangement (DOC)	Pending	Application lodged No major issues raised Final review in process
Resource Consent	Pending	Application lodged Public submission received No major issues raised Final hearing date to be set

### 3.6 Independent Review

As an integral step in the process to finalise the DFS, Bathurst engaged SRK Consulting to conduct a peer review of the study. The review by SRK confirmed the validity of the DFS and additionally made recommendations that could add value and de-risk the project without materially changing the results of the study.

Bathurst's Managing Director Hamish Bohannon said:

*"The completion of the DFS and its independent review brings Bathurst a step closer to production"*

*"Approval processes are well advanced and we hope to be in construction early next year to have first coal production in Q4 2011."*

*"We remain very excited by the Project and its potential to create value for our shareholders, the local community and the New Zealand economy."*

**ENDS**

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#### Competent Person's Statement

The information in this release that relates to exploration results, mineral resources and mining reserves is based on information compiled by Neil Fraser who is a full time employee of Marston International Pty Ltd and is a member of the Australasian Institute of Mining and Metallurgy. Mr Fraser has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Fraser consents to the inclusion in the ASX release of the matters based on his information in the form and context in which it appears above.

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