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## **BULLER COAL OFFTAKE Term Sheet – CITIC Resources**

Bathurst Resources Limited (ASX & NZX: BTU) is pleased to announce the signing of a Term Sheet with CITIC Resources Australia Pty Ltd, a subsidiary of CITIC Group in China.

CITIC Group is one of China's largest state owned companies and is currently ranked the 12<sup>th</sup> largest corporation in China. It held total assets of US\$318bn at the end of calendar year 2009 and made revenues of US\$31.7bn in the same year.

CITIC was one of the first Chinese companies to operate in Australia and in 1986 purchased 10% of the Portland Aluminium Smelter. CITIC Resources Australia now has an asset portfolio of over \$A1bn generating revenues of \$A3.7bn in 2010. Today CITIC companies own 24.6% equity interest in Macarthur Coal Ltd along with uranium, iron ore and nickel interests.

The key terms of the Term Sheet are:

- 5 year term from the commencement of first coal production (expected late 2011);
- CITIC to act as principal for sales of 30% of annual production;
- CITIC may act as agent in some markets;
- Subject to satisfactory due diligence and respective Board approvals, CITIC will provide up to US\$40m in a Finance Facility repayable within 5 years. The funds can be used to fund construction and development costs of the Buller Coal Project and to provide working capital for Bathurst; and
- Bathurst is expected to offer a subordinated security facility to rank pari passu with the Stemcor facility announced on 9 December 2010.

The Term Sheet is currently non-binding, with both parties agreeing to work towards formal offtake and funding agreements prior to the commencement of the development phase of the Buller Coal Project.

Commenting on the announcement, Bathurst's CEO, Hamish Bohannon, said:

*"We are delighted to have reached agreement with CITIC on this finance and offtake proposal with CITIC Resources Australia. It reinforces the belief in the strong underlying fundamentals of the world coking coal market in general, and the high quality of the Buller Coking Coal in particular."*

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*We are particularly pleased to have a group of the stature of CITIC to participate in our Project and their involvement is an endorsement of our Project and our activities in New Zealand.*

*Bathurst looks forward to working closely with CITIC on finalising this agreement and believes it has established an appropriate mix of contracted offtake and spot coal exposure for its shareholders as it has now locked away approximately 67% of its production for the first 5 years, and been able to raise up to US\$90m in subordinated debt."*

On behalf of Bathurst Resources Ltd



Hamish Bohannon  
Managing Director

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