

T +61 8 9481 2100  
F +61 8 9481 2001  
E info@bathurstresources.com

Suite 5, 1327 Hay Street  
West Perth, Western Australia 6005  
PO Box 389, West Perth WA 6872



6 May 2011

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

Listed Company Relations  
New Zealand Exchange Ltd  
Level 2, NZX Centre  
11 Cable Street  
Wellington, New Zealand

## PROSPECTUS

Attached is a copy of the prospectus lodged with the ASIC today.

For and on behalf of Bathurst Resources Ltd

A handwritten signature in black ink, appearing to read 'T Manners'.

Tim Manners  
Chief Financial Officer and Company Secretary

**For more information:**

Hamish Bohannan  
Managing Director  
Bathurst Resources Ltd  
+61 8 9481 2100

Tim Manners  
Chief Financial Officer  
Bathurst Resources Ltd  
+61 8 9481 2100

David Griffiths  
Principal  
Gryphon Management Australia  
+61 8 9382 8300

**BATHURST RESOURCES LIMITED**  
**ACN 125 679 469**

**PROSPECTUS**

For the issue of up to 95 New Shares to investors at an issue price of \$1.05 each to raise up to \$100 before issue costs.

This Prospectus is a compliance prospectus to facilitate secondary trading of Shares previously issued by the Company.

**Important Notice**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered by this Prospectus should be considered speculative.

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## IMPORTANT NOTES

This Prospectus is dated 6 May 2011 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus. No securities will be allotted or 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 to be granted quotation on ASX.

This Prospectus does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer. Applications for securities offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

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

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person whom, it would be unlawful to issue in this Prospectus.

In making representations in this Prospectus regard has been had to 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.

This Prospectus including each of the documents attached to it and which form part of this Prospectus is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser.

In particular, it is important that you consider the risk factors (see **section 4** of this Prospectus) that could affect the performance of the Company before making an investment decision.

Some words and expressions used in this Prospectus have defined meanings which are explained in **section 7**.

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## **1 DETAILS OF THE OFFER**

### **1.1 Purpose of the Offer**

On 3 May 2011, Bathurst Resources Limited (“**Bathurst**” or the “**Company**”) announced the proposed placement of 52.4 million Shares with sophisticated and professional investors pursuant to sections 708(8) and 708(11) of the Corporations Act to raise up to \$55 million, before costs of issue (“**Placement**”). The Placement 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 this Prospectus is therefore to comply with section 708A(11) of the Corporations Act so that the placees under the Placement can sell their Shares within the next twelve months without the issue of a prospectus.

The Placement is not being undertaken by the Company with the purpose of placees 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.

### **1.2 Details of the Offer**

The Company is inviting selected investors to apply for up to a total of 95 New Shares at an issue price of \$1.05 per New Share to raise up to \$100 before issue costs.

The Issue is not underwritten. There is no guarantee that the Issue will proceed or that any applications will be accepted.

### **1.3 Minimum Subscription**

There is no minimum subscription.

### **1.4 Opening and Closing Dates**

The Opening Date of the Issue will be 6 May 2011 and the Closing Date will be 12 May 2011. The Directors reserve the right to close the Issue early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

## **1.5 Applications**

This Offer is being extended to investors who are invited by the Company to subscribe for New 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 New Shares must be made using the Application Form attached to 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 this Offer.

## **1.6 Allotment and Application Money**

The Directors will determine the allottees of the New Shares. The Directors reserve the right to reject any application or to allocate any applicant fewer New Shares than the number applied for.

Where the number of New Shares allotted is less than the number applied for, the surplus moneys will be returned by cheque as soon as practicable after the Closing Date. Where no allotment is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on moneys refunded.

All Application Money received before the New Shares are issued will be held in a special purpose account. After Application Money is refunded (if required) and New Shares are issued to Applicants, the balance of funds in the account plus accrued interest will be received by the Company.

Subject to the ASX granting the New Shares Official Quotation, it is expected that the New Shares will be issued on 13 May 2011 and that normal trading of the New Shares on ASX will commence on 16 May 2011.

## **1.7 ASX Quotation**

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

If the New Shares are not quoted by ASX within three months after the date of this Prospectus, the Company will not allot or issue any New 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 New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares. ASX takes no responsibility for the contents of this Prospectus.

## **1.8 Issue Outside Australia and New Zealand**

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. No action has been taken to register or qualify the securities or the Issue or otherwise to permit an offering of the securities in any jurisdiction outside Australia and New Zealand.

## **1.9 Market Prices of Existing Shares on ASX**

The highest and lowest market sale price of the Existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, during the three months immediately preceding the lodgment of this Prospectus with the ASIC, and

the last market sale price on the date before the lodgment date of this Prospectus, are set out below.

	3 months high	3 months low	Last Market Sale Price
Existing Shares	\$1.30 4 April 2011	\$0.86 15 March 2011	\$1.130 5 May 2011

#### 1.10 CHESS

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

Under CHESS, 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 CHESS statement.

The CHESS 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 CHESS 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.

#### 1.11 Rights and Liabilities attaching to the New Shares

The New 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 New Shares is set out in **section 3**.

#### 1.12 Taxation Implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company 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 in the Issue. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Issue.

#### 1.13 Enquiries

Any questions concerning the Issue should be directed to Mr Tim Manners, Company Secretary, on +61 8 9481 2100.

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## **2 USE OF FUNDS AND EFFECT OF THE ISSUE**

### **2.1 Use of funds**

If the Issue does proceed the \$100 raised from the Issue will be applied towards Issue costs.

### **2.2 Effect of the Issue on capital structure**

If the Issue does proceed the effect of the Issue will be that the number of Shares on issue will increase from 666,141,330 (including the shares issued under the Placement) to 666,141,425.

The Company also has 79,317,443 Options on issue. The number of Options on issue will not change as a result of the Issue.

### **2.3 Statement of Financial Position**

Set out below is the Consolidated Statement of Financial Position of the Company as at 31 March 2011 (unaudited), and the Consolidated Pro-Forma Statement of Financial Position as at 31 March 2011 (unaudited) incorporating the effect of the Placement and the Issue.

**BATHURST RESOURCES LTD  
PRO-FORMA BALANCE SHEET  
AS AT 31 MARCH 2011**

Note	Unaudited Consolidated 31 March 2011 A\$'000	Pro-Forma Adjustments	Unaudited Pro-forma Consolidated 31 March 2011
Cash & Deposits	48,843	46,269	95,112
Inventories	1,081		1,081
Other Current Assets	4,990		4,990
<b>Total Current Assets</b>	<b>54,914</b>	<b>46,269</b>	<b>101,183</b>
Property, Plant & Equipment	6,746		6,746
Exploration, evaluation and mine assets	261,101	6,000	267,101
Other Non Current Assets	655		655
<b>Total Non Current Assets</b>	<b>268,502</b>	<b>6,000</b>	<b>274,502</b>
<b>TOTAL ASSETS</b>	<b>323,416</b>	<b>52,269</b>	<b>375,685</b>
Trade Creditors	4,588		4,588
Interest bearing liabilities	781		781
Deferred consideration	38,293		38,293
Provisions	1,032		1,032
<b>Total Current Liabilities</b>	<b>44,694</b>	<b>0</b>	<b>44,694</b>
Interest bearing liabilities	6,833		6,833
Deferred consideration	93,344		93,344
Deferred tax liabilities	64,623		64,623
<b>Non Current Liabilities</b>	<b>164,800</b>		<b>164,800</b>
<b>TOTAL LIABILITIES</b>	<b>209,494</b>	<b>0</b>	<b>209,494</b>
<b>NET ASSETS</b>	<b>113,922</b>	<b>52,269</b>	<b>166,191</b>
Shareholders Equity	150,078	55,020	205,098
Capital raising costs	(10,442)	(2,751)	(13,193)
Reserves	10,940		10,940
Accumulated losses	(36,654)		(36,654)
<b>TOTAL SHAREHOLDERS EQUITY</b>	<b>113,922</b>	<b>52,269</b>	<b>166,191</b>



The pro-forma unaudited balance sheet represents the reviewed consolidated Balance Sheet as at 31 March 2011 adjusted for the Placement and Issue. The balance sheet should be read in conjunction with the following notes to the financial information:

- (1) Capital raised of \$55,020,000 being 52,400,000 shares at \$1.05 per share.
- (2) Capital raising costs equal to 5% of the capital raised.
- (3) Estimated completion adjustment for the acquisition of Eastern Resources Group as per the ASX announcement on 21 March 2011

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### 3 RIGHTS AND LIABILITIES ATTACHING TO NEW SHARES

The following is a summary of the more significant rights and liabilities attaching to New Shares be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

The rights attaching to the New Shares arise from a combination of the Company's Constitution, the Corporations Act, the ASX Listing Rules and general law. A copy of the Company's Constitution is available for inspection free of charge during business hours at its registered office.

The New Shares to be issued pursuant to this Prospectus are ordinary shares and will as from their allotment rank equally in all respects with all Existing Shares.

A summary of the rights attaching to the New 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.

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## 4 RISK FACTORS

An investment in the Company is not risk free and investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for New Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares.

The following is not intended to be an exhaustive list of the general risk factors relating to an investment in the Company.

### 4.1 Company specific risks

#### ***Development of the Buller Coal Project***

The main focus and priority for the Company is the development of the Buller Coal Project near Westport, South Island, New Zealand. In November 2010, the Company completed a definitive feasibility study demonstrating the viability of the Project and establishing a capital cost of US\$64 million to construct and develop the Project. In April 2011, the Company appointed Brightwater Engineering to build the coal processing plant and associated facilities.

The resource consent applications required before construction and development can commence were submitted in 2010 and hearings for the submissions are scheduled to start on 7 June 2011, in Westport.

#### ***Resource Consents and Access Agreements***

The Company is in the process of obtaining all relevant regulatory approvals for the construction and the development of the proposed Escarpment Mine Project and associated infrastructure. There is no guarantee that the Company will obtain the necessary approvals to develop the project and if so on what conditions. There is also a risk that the approvals process takes longer to conclude, which will delay the commencement date of the project and that the conditions to any approval may not permit the Company to develop the project in the manner it would otherwise propose.

#### ***Access to Rail and Port Infrastructure***

The Company will be required to establish appropriate contractual relationships with rail, port and shipping organisations in order to export its coal to international markets. There is no guarantee that these commercial arrangements will be completed, or under what terms they will be completed. There is a risk that this could delay the development timetable for the project or increase the costs of exporting the final product.

#### ***Brookdale Asset Acquisitions Agreements***

On 3 May 2011, the Company announced the conditional acquisition of the Brookdale Coal Project. Before the Company can finalise the acquisition of the Brookdale Project, it will need to carry out further due diligence in order to ensure that the vendors can pass the assets, unencumbered by any third party interest, to the Company. In addition under the relevant acquisition agreements a number of conditions precedent must be satisfied before completion, including:

- (a) Bathurst being satisfied, acting reasonably, of the presence of at least five million tonnes of at least inferred resources, determined in accordance with the JORC Code, within the permit area;
- (b) Bathurst being satisfied, acting reasonably, that the vendors can transfer title to the permits free of any encumbrances;

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- (c) Bathurst obtaining third party, ministerial, governmental and regulatory consents being required for the transfer of the permits, or the Brookdale assets, as the case may be;
  - (d) Bathurst entering into deeds of assignment and assumption in relation to the access agreements and obtaining all necessary consents for the assignment of those access agreements to Bathurst; and
  - (e) Bathurst being satisfied that the vendor has not granted any third party rights to acquire an interest in the Permits, or if such rights have been granted, that the agreement granting the rights has been validly terminated.

No assurance can be given that the Company will be satisfied with its due diligence enquires or that all the conditions will be satisfied and if satisfied, on terms acceptable to Bathurst. If the Company is not satisfied with its abovementioned due diligence enquiries or any one or more of the conditions are not satisfied the Company may be unable to proceed with the acquisition or may proceed on terms less advantageous.

#### ***Future Capital Requirements***

In the event the Company determines to proceed with the development of the Buller Coal Project and the other conditions precedent to the development of the Buller Coal Project are satisfied, the Company may require additional capital to complete the development the project. No assurance can be given that such capital will be available at all or available on terms acceptable to the Company.

If additional capital is raised by an issue of securities, this may have the effect of diluting Shareholders' interests in the Company. Any debt financing, if available, may involve financial covenants which limit the Company's operations. If the Company cannot obtain such additional capital, the Company may not be able to complete the acquisition and development of the Buller Coal Project which would adversely affect its business, operating results and financial condition.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

#### ***Fluctuations in Coal Prices***

In the event the Company develops 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.

#### ***The Company is depending heavily 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, such as, but not limited to, the Company's inability to hire suitable personnel and mining contractors may have a material adverse effect on the Company's financial performance and results of operations.

## **4.2 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 tenements 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 tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

### ***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 Estimations***

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource 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 estimates may need to be altered in a way that could adversely affect the Company's operations.

### ***Commodity Price and Exchange Rate 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 for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

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.

#### ***Environmental Risks***

The operations and proposed activities of the Company in New Zealand are subject to New Zealand's environmental laws and regulations. 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.

#### ***Title Risks***

Interests in tenements 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 tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

#### ***Joint Venture Parties, Agents and Contractors***

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or 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.

#### ***Potential Acquisitions***

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

#### ***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 mining companies in Australia and internationally. 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.

In addition, coal is an integral part of the energy supply of many countries, where it is considered as a conventional source of energy. While coal may currently be provided at a lower cost to alternative energy sources (such as uranium, solar, wind and geothermal) future advancements and developments may allow these alternatives to become reliable low cost, low emission sources of energy.

Furthermore, due to the emission of large amounts of greenhouse gases as a result of the burning of coal for energy, the continued use of coal may result in negative public perception of coal and coal mining companies.

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.

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Investors should be aware that policies being developed by various international governments may become increasingly negative towards the development and production of fossil fuels, in particular, coal. The view of the Directors is that coal should and will, have a growing role in the fuel mix if global prosperity is to be sustained. However, the Company is operating in an international environment where it must abide by these laws. There is a risk that governments will take actions which will damage the economics of coal productions and thus reduce the value of the Company's assets.

#### **4.3 General investment risks**

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

General economic conditions in Australia 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 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 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 the New Shares 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 under the Offer.

#### **4.4 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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## 5 ADDITIONAL INFORMATION

### 5.1 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 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. Investors 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) the half-year financial report of the Company for the half-year ended 31 December 2010, being the half-year financial report of the Company lodged with the ASIC after lodgment of the financial statements referred to in paragraph (i) above and before the issue of this Prospectus; and
- (iii) 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 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
06/05/2011	Buller Coal Offtake – Term Sheet – CITIC Resources
04/05/2011	Bathurst Completes \$55 million Equity Raising
04/05/2011	Clarifying Statement
03/05/2011	Trading Halt Update
03/05/2011	Investor Presentation
03/05/2011	Strategic Tenement Acquisition and Capital Raising
02/05/2011	Trading Halt
29/04/2011	March 2011 Quarterly Report and Appendix 5B
29/04/2011	Change of Directors Interest Notice
29/04/2011	Change in substantial holding
27/04/2011	Public Hearing Date Set for Resource Consent Applications
20/04/2011	Appendix 3B - Unlisted Options
20/04/2011	Bathurst Awards Plant Construction Contract
18/04/2011	New Constitution
18/04/2011	Results of General Meeting
12/04/2011	Ceasing to be a substantial holder
01/04/2011	Appendix 3B - Option Conversion
22/03/2011	Appendix 3B - Option Conversion
21/03/2011	GLL: Galilee Finalises NZ Coal Sale
21/03/2011	Completion of Eastern Acquisition
18/03/2011	Notice of General Meeting
15/03/2011	Half Year Accounts
04/03/2011	OIO Consents to Acquisition of Eastern Group Ltd

04/03/2011	SandP Announces March SP/ASX Rebalance
21/02/2011	Bathurst Secures Heads of Agreement for Port Access
17/02/2011	Investor Presentation - Citi Emerging Coal Companies Forum
08/02/2011	Appointment of UBS as Corporate Advisor
07/02/2011	Boardroom Radio Broadcast with Hamish Bohannan
03/02/2011	Appendix 3B - Clarification
03/02/2011	Resignation of Joint Company Secretary
03/02/2011	Appendix 3B - Option Conversion
31/01/2011	December Quarter Activities and Cashflow Report - Amended
31/01/2011	December Quarter Activities and Cashflow Report
28/01/2011	Becoming a substantial holder - Amended
27/01/2011	Becoming a substantial holder - J.P.Morgan
14/01/2011	Response to ASX Query
10/01/2011	Initial Directors Interest Notice
06/01/2011	Appendix 3B and Option Expiry
05/01/2011	Appointment of Non Executive Director
30/12/2010	Securities Trading Policy
21/12/2010	Appendix 3B - Option Conversion
16/12/2010	Change in substantial holding
10/12/2010	Change of Directors Interests x 4
10/12/2010	Appendix 3B - Conversion of Options
09/12/2010	MoU Executed - Buller Coal Offtake
07/12/2010	Appendix 3B
03/12/2010	Appendix 3B - Option Conversion
01/12/2010	Appendix 3B - Conversion of Options
30/11/2010	Change of Share Registry Service Provider
30/11/2010	Change in substantial holding
29/11/2010	Results of Annual General Meeting
29/11/2010	Chairman`s Address to Shareholders
29/11/2010	AGM Presentation
26/11/2010	Finalisation of Buller Project DFS
26/11/2010	Presentation at AusIMM Conference in Auckland
22/11/2010	Change in substantial holding
19/11/2010	Exercise Price of Options

19/11/2010	Change in Directors Interest x 4
17/11/2010	Appendix 3B
17/11/2010	Becoming a substantial holder
16/11/2010	Appendix 3B
16/11/2010	Change in substantial holding
15/11/2010	Change in substantial holding
15/11/2010	Ceasing to be a substantial holder
15/11/2010	Bathurst to Acquire Eastern Resources from Galilee
15/11/2010	GLL: Sale of ERG Shares
15/11/2010	Reinstatement to Official Quotation
12/11/2010	Ceasing to be a substantial holder
11/11/2010	Appendix 3B - Rights Issue Entitlements
11/11/2010	93% Acceptance Level for Rights Issue
10/11/2010	Change in substantial holding
10/11/2010	Becoming a substantial holder
10/11/2010	Suspension from Official Quotation
09/11/2010	Acquisition of Buller Coal Project Completed
08/11/2010	Completion of \$76 million Placement and Appendix 3B
08/11/2010	Request for Trading Halt
04/11/2010	Results of Meeting
02/11/2010	Annual Report to shareholders
01/11/2010	Notice of Annual General Meeting / Proxy Form
01/11/2010	Change in substantial holding
29/10/2010	Quarterly Activities and Cashflow Report
28/10/2010	GLL: Response to AFR Article
28/10/2010	Response to AFR article
28/10/2010	Trading Halt Request
28/10/2010	Trading Halt
28/10/2010	Change in substantial holding
21/10/2010	Rights Issue Prospectus dispatched to shareholders
20/10/2010	Change in substantial holding
19/10/2010	Appendix 3B - Option Conversion
15/10/2010	Becoming a substantial holder
15/10/2010	Appendix 3B - Option Conversion

14/10/2010	Change in substantial holding
14/10/2010	Change in substantial holding
11/10/2010	Ceasing to be a substantial holder
11/10/2010	Letter to Shareholders
11/10/2010	Company Presentation
11/10/2010	Government Approvals for Acquisition of Buller Coal Project
08/10/2010	Becoming a substantial holder
08/10/2010	Appendix 3B - Exercise of Options
08/10/2010	Lodgement of Prospectus
07/10/2010	Change in substantial holding
06/10/2010	Notice of Meeting
05/10/2010	Letter to Option Holders
05/10/2010	Appendix 3B - Rights Issue
05/10/2010	Reinstatement to Official Quotation
05/10/2010	Bathurst Announces A\$110 Million Equity Raising
01/10/2010	Appendix 3B - Exercise of Options
01/10/2010	Re-Submitted Bathurst Financial Report 2010
01/10/2010	Bathurst Annual Report 2010

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.

## 5.2 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgment of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the issue of securities pursuant to this Prospectus; or
- (c) the issue of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or the issue of securities pursuant to this Prospectus.

Directors' direct and indirect interests in securities of the Company at the date of this Prospectus are:

Name	Securities
Craig Munro	<p>462,526 Shares</p> <p>2,000,000 unlisted Options exercisable at \$0.108 on or before 30 September 2013.</p> <p>2,500,000 unlisted Options exercisable at \$0.40 on or before 31 December 2013. 50% vest immediately and 50% vest upon the first 25,000 tonnes of coal being shipped from the Buller coal project.</p>
Hamish Bohannan	<p>9,670,658 Shares</p> <p>5,000,000 unlisted Options exercisable at \$0.108 on or before 30 September 2013.</p> <p>2,400,000 unlisted Options exercisable at \$0.378 on or before 1 September 2011. Option vest after 12 months with various share price hurdles applying to exercise.</p> <p>5,000,000 unlisted Options exercisable at \$0.40 on or before 31 December 2013. 50% vest immediately and 50% vest upon the first 25,000 tonnes of coal being shipped from the Buller coal project.</p>
Gerald Cooper	<p>300,000 Shares</p> <p>500,000 unlisted Options exercisable at \$0.378 on or before 31 October 2011.</p> <p>500,000 unlisted Options exercisable at \$0.378 on or before 31 October 2012.</p> <p>500,000 unlisted Options exercisable at \$0.378 on or before 31 October 2013.</p> <p>2,500,000 unlisted Options exercisable at \$0.108 on or before 30 September 2013.</p> <p>4,000,000 unlisted Options exercisable at \$0.40 on or before 31 December 2013. 50% vest immediately and 50% vest upon the first 25,000 tonnes of coal being shipped from the Buller coal project.</p>
Rob Lord	<p>460,938 Shares</p> <p>1,000,000 unlisted Options exercisable at \$0.21 on or before 30 September 2013.</p> <p>2,500,000 unlisted Options exercisable at \$0.40 on or before 31 December 2013. 50% vest immediately and 50% vest upon the first 25,000 tonnes of coal being shipped from the Buller coal project.</p>

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Malcolm Macpherson	40,000 Shares 2,000,000 unlisted Options exercisable at \$0.85 on or before 31 December 2013.
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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, \$1,404,202 (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.

### 5.3 Estimated Expenses of Issue

The estimated expenses of the Issue are approximately \$10,000 including ASIC, ASX and printing costs.

### 5.4 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings in either Australia or New Zealand.

### 5.5 Privacy Act

If you complete an application for New Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your New Shares in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules. You should note that if you do not provide the information required on the application for New Shares, the Company may not be able to accept or process your application.

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**5.6 Directors' Consent**

Each Director has consented to the lodgment of this Prospectus with the ASIC.

Signed on behalf of the Directors pursuant to a resolution of the Board.

A handwritten signature in black ink, appearing to read "Hamish Bohannan". The signature is written in a cursive, flowing style.

**Hamish Bohannan**  
Managing Director

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<b>DIRECTORS</b>	Craig Munro, Non-Executive Chairman, Director Hamish Bohannan, Managing Director Gerald Cooper, Executive Director Rob Lord, Non-Executive Director Malcolm Macpherson, Non-Executive Director
<b>COMPANY SECRETARY</b>	Tim Manners
<b>REGISTERED OFFICE</b>	Suite 5, 1237 Hay Street West Perth WA 6005 Tel: + 61 8 9481 2100 Fax: +61 8 9481 2001
<b>SHARE REGISTRARS</b>	Computershare Investor Services Pty Limited* Level 2, 45 St Georges Terrace Perth WA 6000 Tel: +61 8 9415 4000 Fax: + 61 8 9323 2033
<b>AUDITORS</b>	PricewaterhouseCoopers* QV1 250 St Georges Terrace Perth WA 6000

\*This entity has not been involved in the preparation of this Prospectus and has not consented to being named in the Prospectus. Its name is included for information purposes only.

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“**A\$**”, “**\$**” and “**dollars**” means Australian dollars, unless otherwise stated.

“**Application**” means an application for New Shares pursuant to the Application Form.

“**Application Form**” means the Application form attached to or accompanying this Prospectus.

“**Application Monies**” means the money received from investors in respect of their Applications.

“**ASIC**” means the Australian Securities and Investments Commission.

“**ASTC**” means ASX Settlement Pty Limited (ABN 49 008 504 532).

“**ASTC Settlement Rules**” means the settlement rules of ASTC.

“**ASX**” means ASX Limited (ABN 98 008 624 691).

“**Board**” means the board of Directors.

“**Business Day**” means a day on which trading takes place on the stock market of ASX.

“**CHESS**” means ASX Clearing House Electronic Sub-registry System.

“**Closing Date**” means 12 May 2011 or such other date as may be determined by the Directors under this Prospectus.

“**Company**” or “**Bathurst**” means Bathurst Resources Limited ACN 125 679 469.

“**Constitution**” means the Company's Constitution as at the date of this Prospectus.

“**Corporations Act**” means the Corporations Act 2001 (Commonwealth).

“**Director**” means a director of the Company at the date of this Prospectus.

“**Existing Share**” means a fully paid ordinary share in the capital of the Company.

“**Issue**” means the issue of New Shares under this Prospectus.

“**Listing Rules**” or “**ASX Listing Rules**” means the Listing Rules of the ASX.

“**New Share**” means a fully paid ordinary share in the capital of the Company to be issued under this Prospectus.

“**Offer**” means the offer of New Shares pursuant to this Prospectus.

“**Opening Date**” means 6 May 2011.

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

“**Optionholder**” means the holder of an Option.

“**Placement**” means the proposed placement of up to 52.4 million Shares to sophisticated and professional investors of the Company announced to ASX on 3 May 2011.

“**Prospectus**” means the prospectus constituted by this document.

“**Share**” means a fully paid ordinary share in the capital of the Company.

“**Shareholder**” means the holder of a Share.

“**WST**” means Western Standard Time.