



**Bathurst Resources Limited**

**Date of Lodgement: 8/2/12**

**Title: “Company Insight – MD on Outlook & Operations”**

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**Highlights of Interview**

- Update on permitting process & confidence in gaining approvals.
- Company achievements while approvals process continues.
- Next issues for management to focus on.
- Discusses appointment of COO & other staff in future.
- Discusses planned developments – Coalbrookdale and North Buller.
- Resource/Reserve drilling plans & broad production expectations.

**Record of interview:**

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Bathurst Resources Limited (ASX & NZX code: BTU; market cap of ~\$535m) plans to develop its high quality coal projects in the Buller Coalfield in the South Island of New Zealand. South Buller is the first major mine planned, followed potentially by North Buller. The Escarpment Mine Project at South Buller was granted resource consent by an independent panel of Commissioners, but the consent is now the subject of three appeals by local groups. Can you update how the permitting process is proceeding for the Escarpment mine within the South Buller project? What confidence are you gaining from the process?

**Managing Director, Hamish Bohannan**

The process is moving steadily forward and we were very pleased to receive a date for the pre-hearing conference for appeals against the Escarpment mine project and associated infrastructure to be held in Christchurch on Monday 13 February. We hope the appeals will be heard in the first half of this year, but that is dependent on the judge’s availability and the amount of time set aside for the court hearings. We will know the formal court dates and timetable soon after the pre-hearing conference.

There have been three separate appeals lodged by: 1/ the Fairdown-Whareatea Residents Association Incorporated; 2/ The Royal Forest and Bird Protection Society of New Zealand Incorporated; and 3/ the West Coast Environmental Network Incorporated. We are currently in mediation talks with the first two groups on the stockpile and infrastructure requirements on the coastal plain.

All parties seem pleased with the progress, but it is subject to court proceedings so I can't comment on where we are heading. All parties have been very proactive and are contributing worthwhile ideas.

We are gaining confidence from the process, the main objective of which is to achieve a net environmental and conservation gain. This will be done by world's best practice rehabilitation at the mine site, predator control and contributions towards the upkeep of the Heaphy Track even though this is outside our mining boundaries. The project has enormous economic benefits for the community. It will create jobs, we will purchase supplies locally, pay royalties and taxes to the New Zealand government and then there will be multiplier impacts throughout the local economy.

Overall we're confident we will get a positive outcome from the appeals process, but the only thing we can't be confident of is the time it will take.

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What has Bathurst achieved while the permitting process continues for South Buller?

**Hamish Bohannan**

Of course the permitting process is only for the Escarpment area of the South Buller project. We've certainly been busy. Our main focus during the appeals process has been to continue delivering high quality coal to customers. We've achieved an increase in production from the Cascade mine, which is part of the South Buller project, and we've shipped our first coal to Australia. The process of building up the production profile has continued; the Escarpment project is only a fraction of our overall coal endowment.

We also recently increased coal Reserves to 17.3 million tonnes and Resources (inclusive of Reserves) to 81.7 million tonnes.

We have signed a contract to start up mining from Coalbrookdale underground, which we purchased late last year and we expect to see contractors at site at the end of this quarter.

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What is management now focused on apart from its requirements under the permitting process for the Escarpment mine at South Buller?

**Hamish Bohannan**

Our primary focus is on three areas. The first is to increase coal production, albeit at modest levels. The second is to continue with our exploration programs to convert the large coal endowment of the Buller plateau to Resources. We are currently operating four drill rigs with an exploration budget this year of about NZ\$2.5 million. This links into our third major objective where we are working with a leading New Zealand environmental agency to understand more about the geology, ecology and historical values of our tenements across the Denniston Plateau. This study encompasses the history of the area, mining, water tables/flows and areas in which no coal, or non-recoverable coal, exists as well as flora, fauna and scenic values so that areas can be set aside as conservation reserves.

We are also collaborating with the Royal Forest and Bird Protection Society to assist in their environmental survey of the plateau, called a "BioBlitz", which includes noting all the known species in the area.

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In mid January, you appointed Richard Tacon as Chief Operating Officer who looks to have very good credentials. What approach are you taking to senior management appointments during the permitting process for the Escarpment mine at South Buller?

**Hamish Bohannan**

Richard is a fantastic appointment and we are obviously very pleased. I think with his impressive background it also endorses Bathurst's prospects as he has been involved in large scale operations with many employees. His last position was at Centennial Coal where he was General Manager Western Operations where he oversaw 6 mines, 2 mines in development, 800 employees and around 10 million tonnes per annum production. Overall he has over 20 years' experience in coal in Australia and New Zealand.

We have a lot that we want to do including, for example, expanding the Takitimu mine in the south of the South Island which produced 50,000 tonnes for the December quarter 2011.

Richard's appointment frees up some of my time to look at our broader growth strategy and to deal with other corporate issues. Richard's appointment is a crucial one and completes the management team. We won't be appointing many additional staff until the final permitting is received.

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Where are you at with the Coalbrookdale underground mine? Is development on track?

**Hamish Bohannan**

Yes it is on track and it is fully permitted to commence mining. As I said, we've just signed an agreement with an underground mining contractor and we should see them mobilise to site this quarter. We have been doing some development drilling to determine the best location for the box cut.

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What about the scoping study for North Buller?

**Hamish Bohannan**

That has been completed by the consultants, Coffeys, and the results will be presented to the Board shortly. North Buller appears to be very good, low ash, high quality coal and there have been no surprises from the scoping study so far.

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Bathurst recently increased coal Reserves to 17.3 million tonnes (run-of-mine) and Resources (inclusive of Reserves) to 81.7 million tonnes. What are your current plans with exploration?

**Hamish Bohannan**

The 4 drill rigs at the moment have been focused mainly on improving the confidence levels in the coal inventory. However the focus over the next two years will be to increase the

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Resources and convert more of those Resources into Reserves. The drilling work to determine such issues as coal quality has been completed and we're really into true exploration mode now.

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Assuming the Escarpment area of South Buller is approved, what production profile do you expect and which mines should be the main contributors?

**Hamish Bohannan**

The main contributor in the medium term will be Escarpment. It is flat lying with a good strip ratio of about 8:1, so it should be a very steady mining operation. Initially we will be trucking whilst we construct the transport corridor and wash plant, with production steadily building to about 1 million tonnes per annum. Once we have our transport system in place that should increase to around 1.3 million tonnes per annum. We will then quite quickly expand to around 2.2 million tonnes per annum.

In addition to that Coalbrookdale is expected to produce at an initial rate of 150,000 tonnes per annum increasing to 250,000 tonnes per annum by early 2013 and we have the smaller production contributions from the Cascade and Takitimu mines.

Longer term, we are forecasting that North Buller at 2 million tonnes per annum should contribute a similar amount to South Buller, taking our overall production to over 4 million tonnes per annum.

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Thank you Hamish.

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