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NSW 2000

ACQUISITION OF STRATEGIC LAND HOLDING FOR THERMAL COAL BUSINESS IN NEW ZEALAND

Key points

- Bathurst acquires strategic land adjoining the Takitimu operations.
- Acquisition negates the payment of royalty to the landowner.
- Acquisition improves economics of Takitimu operations by providing operating savings.

Bathurst Resources Ltd (ASX & NZX: BTU) is pleased to announce that its wholly owned subsidiary, Takitimu Coal Limited (**Takitimu Coal**), has completed the strategic acquisition of the adjoining property (**Land**) at its Takitimu operations for NZ\$14 million, following successful negotiations with the landowner.

The purchase of the Land received the required approval from the Overseas Investment Office of New Zealand on 25 July 2012.

Takitimu Coal is a subsidiary of Eastern Coal Limited (**Eastern**), which was acquired by Bathurst in March 2011. Takitimu Coal operates the Takitimu thermal coal mine at Nightcaps in Southland and is currently extending the mine into the nearby Coaldale block, which is located on the newly acquired Land. The Takitimu mine has been operating for 140 years and is currently producing 175,000 tonnes of thermal coal per annum.

Eastern had a long standing royalty agreement with the landowner to mine the Land. Improving the economics of the Takitimu operations was Bathurst's key motivation for acquiring the Land. The key benefits of the acquisition are that Bathurst will no longer be required to make ongoing royalty payments to the land owner and having full access to the area will result in a significant reduction in the costs of handling and storing overburden

The acquisition will reduce the Company's cash balance however the payment will be made over two separate instalments over a 5 month period and the company is also looking to secure finance to fund the land value component of the acquisition. Pending this, the transaction will be funded from the Company's cash reserves which stood at A\$53.8 million

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at 30 June 2012. Bathurst still expects that the Escarpment Mine Project will continue to be fully funded by the cash balance and the US\$90 million in borrowing facilities that Bathurst anticipates concluding with its offtake partners in the coming months. Bathurst considers the purchase of the land to be a key strategic acquisition which will substantially improve the economics of the Takitimu operations that continue to generate positive operational cash flows.

Commenting on the completion of the acquisition, Bathurst's Managing Director, Mr Hamish Bohannan said:

"Completing the strategic acquisition of this area is critical to our long term planning for our Eastern operations. We are delighted to have acquired the land, which will remove an ongoing royalty impost, allow unencumbered operation and, most importantly, may lead to a significant additional resource upgrade."

On behalf of Bathurst Resources Ltd



Laura McMahon Blechynden
Joint Company Secretary and Legal Counsel

ENDS

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