

September Quarter FY2017

HIGHLIGHTS

- **Zero lost time injuries in the quarter**
- **Solid start to FY2017 with production ahead of forecast**
- **Convertible notes issued – nil bank debt outstanding**

SAFETY

Bathurst's operating mines, project works and exploration activities recorded zero lost time injuries for the quarter. Health and Safety training and testing of the emergency systems remains the key focus of management's efforts.

Training continues across the company to ensure that the company meets its obligations under the new health and safety act and revised mining regulations which came into effect on 4 April 2016.

OPERATIONS REPORT

September Quarter Production

	Production (ROM tonnes)	Overburden (BCM's)
Takitimu	53,851	435,400
Canterbury	19,870	179,484
Total	73,721	614,884

Takitimu mine

Coal production for Takitimu was 53,851 tonnes in the quarter which was 6% ahead of forecast.

Mining continued to progress in the North of the Coaldale pit, concentrating on both the Morley and Beaumont seams. Overburden removal has been enhanced with the purchase and installation of a Komatsu PC2000. Coal production increased towards the end of the quarter in line with seasonal demand from the dairy industry. The mine is developing into an extension block to the north of the existing work area.

Overseas Investment Office approval has been granted which allows the finalisation of the Black Diamond land acquisition. The resource consent to allow mining in the area is in final draft form. This block contains reserves of 1.5Mt and will form the main mining area in approximately 12 months' time.

Canterbury mine

Production at Canterbury was 19,870 tonnes in the quarter. Coal won in September was in excess of 10kt which is an important milestone in the continued development and increase in capacity on site.

Production capacity at Canterbury is planned to increase in FY2017 with ROM production forecast to exceed 100,000 tonnes compared with 61,000 in FY2016. This is in response to strong demand for Canterbury Coal in nearby markets.

Exploration and planning continue for this development where the increased scale will drive production efficiencies and position the company well for supply into South Canterbury markets.

Buller Operations

The Escarpment mine remained on care and maintenance during the quarter.

There has been a significant increase in the price of coking coal over the quarter and the company continues to monitor this very closely.

A sustained increase in coal price and positive outlook for the market will provide favorable conditions for the company's continued development of the Escarpment mine.

Exploration and permits

Exploration during the quarter was limited to that required to meet short term operational planning and permit requirements.

This primarily relates to development and validation of the geologic models at both Canterbury and Takitimu.

FINANCIAL

The September quarter reflects a lower level of demand for coal domestically with key customers in the dairy industry (milk processing) not operating through the winter months. The company takes this opportunity to get ahead in stripping for the periods of greater demand and therefore cash flow was negative in Q1 of the financial year. This is typical for the company in Q1.

The company expects to report positive cashflow quarters for the remainder of the financial year.

As indicated in the June 2016 quarter, the Company's convertible note issue settled during the quarter which allowed the company to repay its bank term loan facilities. The Company now has nil bank debt.

CORPORATE MATTERS

During the quarter the company issued convertible notes totaling AUD\$4.25m. The notes were the subject of a special meeting of shareholders held on 23 June 2016.

ABOUT BATHURST RESOURCES LTD

Bathurst is an ASX listed resources company. Its operations are in the South Island of New Zealand where it is established as a leading coal producer, providing energy for local industrial users and, ultimately, positioning to become an exporter of high quality metallurgical coal for steel production in Japan, India and China.

Whilst listed on the ASX, Bathurst is a New Zealand registered company, employing approximately 80 staff across its operations in the South Island. The company's head office is in Wellington. Bathurst has no operations outside New Zealand.

Domestic operations

Bathurst currently has two operating mines – Takitimu in Southland, and the Canterbury mine, west of Christchurch. Takitimu and Canterbury produce sub-bituminous (thermal) coal to supply cost effective energy to the agri-sector in the South Island where other options for power and energy infrastructure are either not available or not commercially viable.

The company also has two mines - Escarpment and Cascade, located on the west coast. These mines contain bituminous (coking) coal which has previously sold as feedstock for the local cement industry. Due to closure of the main customer in April 2016, both mines have suspended operations.

The company holds exploration permits at Ohai and New Brighton in Southland, and at Albury, near Timaru. The Southland permits are adjacent to the Takitimu mine and will be the next blocks to be developed as an extension of the current mining operations.

Bathurst also operates a coal handling and distribution centre in Timaru where it stockpiles and blends coal from its South Island operations for distribution to local industrial customers.

The domestic sales provide a sound revenue stream to underpin the company's operations. The key focus is to drive lower costs from the business and to increase the productivity rates. Bathurst is exploring all opportunities to increase market share.

Export Coking Coal

The Buller coalfield is situated on the west coast of the South Island of New Zealand. It is regarded as one of the country's most significant fields and is particularly well known for its production of high quality, low ash and high fluidity coking coals which are highly sought after by international steelmakers.

The first development area within the Bathurst holdings is the Escarpment mine. This has been developed to a stage where it has the initial water control structures and dams in place and infrastructure areas formed. The main objective at this time is to design the operations to ensure a margin in today's market conditions and to explore routes to markets that are cost effective in terms of capital outlay and operating cost. Export operations can then commence. Studies completed to date indicate a mine life of 20 years at an average output of 750ktpa.

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Richard Tacon

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Richard Tacon – Executive Director
Peter Westerhuis – Non Executive Director
Russell Middleton – Non Executive Director

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ISSUED CAPITAL

964,482,755 Ordinary Shares

Unless otherwise noted, all dollar amounts referred to in this report are in New Zealand dollars