

**BATHURST RESOURCES  
LIMITED**

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**CHIEF EXECUTIVE OFFICER**

Richard Tacon

**DIRECTORS**

Toko Kapea – Chairman  
Richard Tacon – Executive Director  
Peter Westerhuis – Non Executive  
Director  
Russell Middleton – Non Executive  
Director

**COMPANY SECRETARY**

Bill Lyne  
[blyne@bathurstresources.co.nz](mailto:blyne@bathurstresources.co.nz)

**ISSUED CAPITAL**

959,982,755 Ordinary Shares

**SUBSTANTIAL HOLDERS**

Republic Investment Management  
(18.54%)  
Asian Dragon Acquisitions (6.0%)

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

## QUARTERLY ACTIVITIES REPORT

For the three months ended 31 December  
2015

### 1. Highlights

- Coal sales and production again ahead of forecast
- Cash positive quarter
- Transition from explorer to producer
- Mining permit application for Whareatea West
- Resources and Reserves upgraded to JORC 2012

### 2. Operating Summary

Bathurst's operations completed another quarter without a lost time injury or a reportable environmental incident.

Both production tonnes and tonnes sold again exceeded forecasts and the company delivered a cash positive quarter due to its continued focus on operational cost efficiencies.

Based on the overall positive results from the past year, Bathurst has now been recognised as a Producer rather than an Explorer with the ASX and will be reporting accordingly. The company's half year results will be announced at the end of February 2016.

An application for a mining permit has been lodged for the Whareatea West tenement which adjoins Escarpment and forms an integral part of the export coking coal project.

During the quarter the company's Resources and Reserves estimates were reviewed and the main permits have now been reported to JORC 2012.

### 3. Operations Report

#### 3.1 Health, Safety and Environment

Bathurst's operating mines, project works and exploration activities have been without a lost time injury or a reportable environmental incident for the quarter.

Training is ongoing across Bathurst's operational staff to ensure that the company meets its obligations under the new health and safety mining regulations.

#### 3.2 Production

Coal production was 9% above forecast for the quarter, at 138,789 tonnes compared with a forecast of 125,379 tonnes.

	Production (ROM coal tonnes)	Overburden (bcm's)
<b>Cascade</b>	1,449	51,778
<b>Escarpment</b>	19,903	123,216
<b>Takitimu</b>	101,465	579,880
<b>Canterbury Coal</b>	15,972	142,462
<b>Total</b>	<b>138,789</b>	<b>897,336</b>

#### 3.3 Buller Operations

During the quarter a review was undertaken of the Cascade operation and it was determined that the remaining accessible coal was considered uneconomic to recover due to high strip ratios. The mine has been placed in care and maintenance and the workforce either redeployed to other Bathurst sites or made redundant. When global coal prices recover this situation will be reviewed however production will not recommence until such time that appropriate margins can be achieved.

Spring rehabilitation was completed at site with a total of 9000 plants being established. Weed spraying commenced to control non-native species.

Work at Escarpment concentrated on preparation of the Red Shed block for further site infrastructure development. Coal will be recovered as part of this process for sale into the domestic market.

The West Coast Regional Council undertook their quarterly site inspection at both Escarpment and Cascade and reported that both sites were compliant with their respective consents.

Coal production for Cascade/Escarpment for the quarter was 21,352 tonnes.

### **3.4 Takitimu**

Coal production for Takitimu was 101,465 tonnes which was well above the forecast of 87,724 tonnes.

A drilling programme was undertaken at Takitimu in the Coaldale and Black Diamond blocks to improve mine planning and scheduling. This will continue into the first quarter of 2016.

Coal winning concentrated on the Morley and Beaumont seams in the south east of the Coaldale pit and with some recovery from the Beaumont seam to the north. Rehabilitation is continuing in the Takitimu pit with subsoils and topsoils hauled to the final landform area and shaped ready for seeding over summer and continuing into the spring and winter months.

An application has been lodged with the Overseas Investment Office to approve the purchase of the Black Diamond block which will be the next stage of development at Takitimu after Coaldale.

### **3.5 Canterbury Mine**

Production for Canterbury was 15,972 tonnes – up from 11,000 tonnes for the previous quarter. The mine is now on track to produce 60,000 tonnes per annum.

Further staff have been recruited for Canterbury as the mine comes into full production. New plant has also been commissioned. A dust suppression system and water tanks were installed in the ROM pad to reduce dust issues from the stockpile area.

## **4. Exploration and permits**

Drilling and exploration during the quarter was again limited to that required to meet short term operational planning requirements.

A Mining Permit application for Whareatea West was submitted to New Zealand Petroleum and Minerals. This will upgrade the deposit from an Exploration Permit status in readiness for its development as the next stage of the Buller export coking coal project on the West Coast.

Work is now complete on updating the Resource and Reserve reporting in line with the new JORC 2012 guidelines.

## **5. Financial**

The December quarter saw the ramp up in demand from the dairy sector. The resulting increase in supply, coupled with Bathurst's continued productivity and efficiency initiatives, produced a good result for the quarter. Cash and restricted deposits totalled \$5.6m at 31 December 2015, an increase of \$2.1m since the quarter ended 30 September 2015 (\$3.5m).

## About Bathurst Resources Limited

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 Asia.

Whilst listed on the ASX, Bathurst is a New Zealand registered company, employing over 100 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

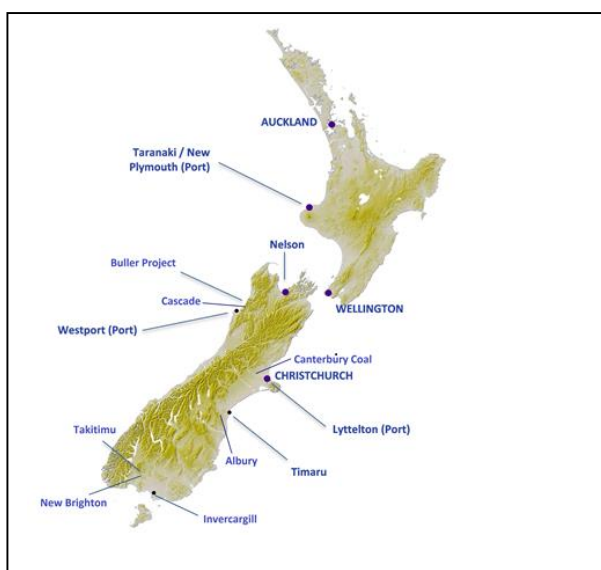
Bathurst currently has three operating mines – Escarpment at Buller, Takitimu in Southland, and the Canterbury mine, west of Christchurch. Escarpment produces bituminous (coking) coal which is currently primarily sold as feedstock for the local cement industry. Takitimu and Canterbury produce sub-bituminous (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 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 of approximately 400,000 tonnes per annum 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.



## **The Buller Project**

Bathurst is developing an export coking coal operation from its permits in the Buller coalfield near Westport. Escarpment, the first stage of this project, is operating and mining small quantities of coal as part of the initial site construction works. This is currently supplementing the domestic market supply until the area is fully developed. 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 logistics. Export operations can then commence.

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.

Escarpment will be targeting an initial output of 500,000 tonnes of coking coal per annum for international steel markets. The coming months will see the mine developed to a stage where it can quickly move into steady state production to meet potential export demand. Over the life of the block, total annual production is expected to increase to around 750,000 tonnes.