

**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**

964,482,755 Ordinary Shares

**SUBSTANTIAL HOLDERS**

Republic Investment Management  
(19.92%)  
Asian Dragon Acquisitions (6.74%)

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 March 2016

**1. Highlights**

- No lost time injuries
- Cash positive quarter
- Escarpment operations to be placed on care and maintenance
- Health and Safety at Work Act effective 4 April 2016

**2. Operating Summary**

Bathurst's operations completed another quarter without a lost time injury with zero lost time injuries continuing for the current financial year.

Production again exceeded forecast and the company delivered a cash positive quarter. This despite a challenging period for the dairy sector having an impact on coal supply.

During the quarter Bathurst announced that the Escarpment project would be placed on care and maintenance in May 2016 and plans to implement the changes are well underway.

New Health and Safety legislation became effective on 4 April 2016. Preparation for this change has been a significant focus of the company for some time now.

### 3. Operations Report

#### 3.1 Health, Safety and Environment

Bathurst's operating mines, project works and exploration activities have continued without a lost time injury for the quarter, continuing the trend for the current financial year.

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

Planning for this change in legislation has been a key focus for the company since the changes were signaled some time ago.

#### 3.2 Production

Coal production was 6% above forecast for the quarter. 105,287 tonnes were mined compared with a forecast of 99,703 tonnes.

	Production (ROM coal tonnes)	Overburden (bcm's)
<b>Escarpment</b>	10,140	126,544
<b>Takitimu</b>	75,410	742,000
<b>Canterbury Coal</b>	20,007	157,452
<b>Total</b>	<b>105,287</b>	<b>1,025,996</b>

#### 3.3 Buller Operations

During the quarter a review was undertaken of the Escarpment Mine which has led to operations being placed on care and maintenance in May 2016.

The main market for Escarpment coal has been the local cement works which is planned to close in June 2016. The search for a replacement market is ongoing, however this has not been secured to date. Current markets for this high quality coal are around 35,000 tonnes per annum and feasibility studies have shown that the mine is suboptimal at this market scale.

Site works will continue with the formation of stable slopes and water control structures to allow the mine to meet all of its resources consent conditions in a safe and effective manner.

The intent of the company is to continue to compete for other markets for this high quality coal and the company is continuing to develop plans for the export market.

The resources remains available to mine and has a scale at which it becomes profitable.

### **3.4 Takitimu**

Coal production for Takitimu was 75,410 tonnes which exceeded a forecast of 70,565 tonnes.

Drilling has continued at Takitimu in the Coaldale and Black Diamond blocks to improve mine planning and scheduling from the geologic model.

Mining continued to progress to the North of the Coaldale pit, concentrating on both the Morley and Beaumont seams.

Rehabilitation of the Takitimu pit has continued through the quarter with a good area formed and shaped ready for seeding over the winter months.

### **3.5 Canterbury Mine**

Production for Canterbury was 20,007 tonnes – up from 15,972 tonnes for the previous quarter and 17% ahead of forecast. The mine is on track to produce 60,000 tonnes per annum.

Canterbury is approaching full production levels within the existing mine plans and recently commissioned plant is performing well.

Planning and drilling continues for stage two development at Canterbury where planned scale and production efficiencies will be realised.

## **4. Exploration and permits**

Drilling and exploration during the quarter was again limited to meeting short term operational planning and permit requirements.

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

## **5. Financial**

The March quarter was dominated by seasonal dairy demand. Drought conditions in Canterbury and Central Otago saw a reduction in coal demand relative to that forecast. In addition, the closure of the cement works on the West Coast has seen coal supply from Escarpment reduced at a faster rate than expected.

In response, the company is continuing to implement and build on productivity and efficiency initiatives. The quarter was cash flow positive with cash and restricted deposits totaling \$6.2m at 31 March 2015, an increase of \$0.6m since the quarter ended 31 December 2015 (\$5.6m).

## 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

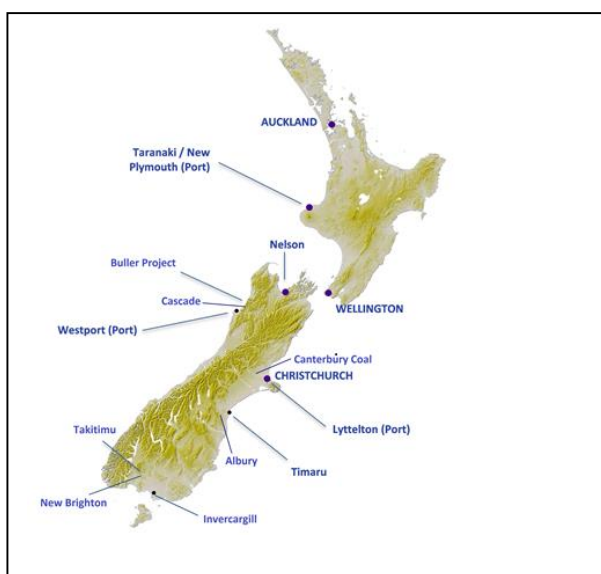
Bathurst currently has three operating mines – Escarpment at Buller, Takitimu in Southland, and the Canterbury mine, west of Christchurch. Escarpment produces bituminous (coking) coal which is currently primarily sold as feedstock for the local cement industry. Takitimu and Canterbury produce sub-bituminous (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, has been operating and mining small quantities of coal as part of the initial site construction works. This 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. Over the life of the block, total annual production is expected to increase to around 750,000 tonnes.