



2nd November 2010

Centralised Company Announcements Platform
Australian Stock Exchange
10th floor, 20 Bond Street
Sydney NSW 2000

2010 ANNUAL REPORT

Attached is a copy of the Bathurst Resources Ltd 2010 Annual Report.

A copy of the Annual Report has been sent to those shareholders who have elected to receive a copy.

A copy of the Annual Report will be available on the company's website www.bathurstresources.com

For and on behalf of the Board of Bathurst Resources Ltd

A handwritten signature in black ink, appearing to read 'T Manners', written over a large, faint, circular watermark that says 'For personal use only'.

Tim Manners
Joint Company Secretary

Enc.

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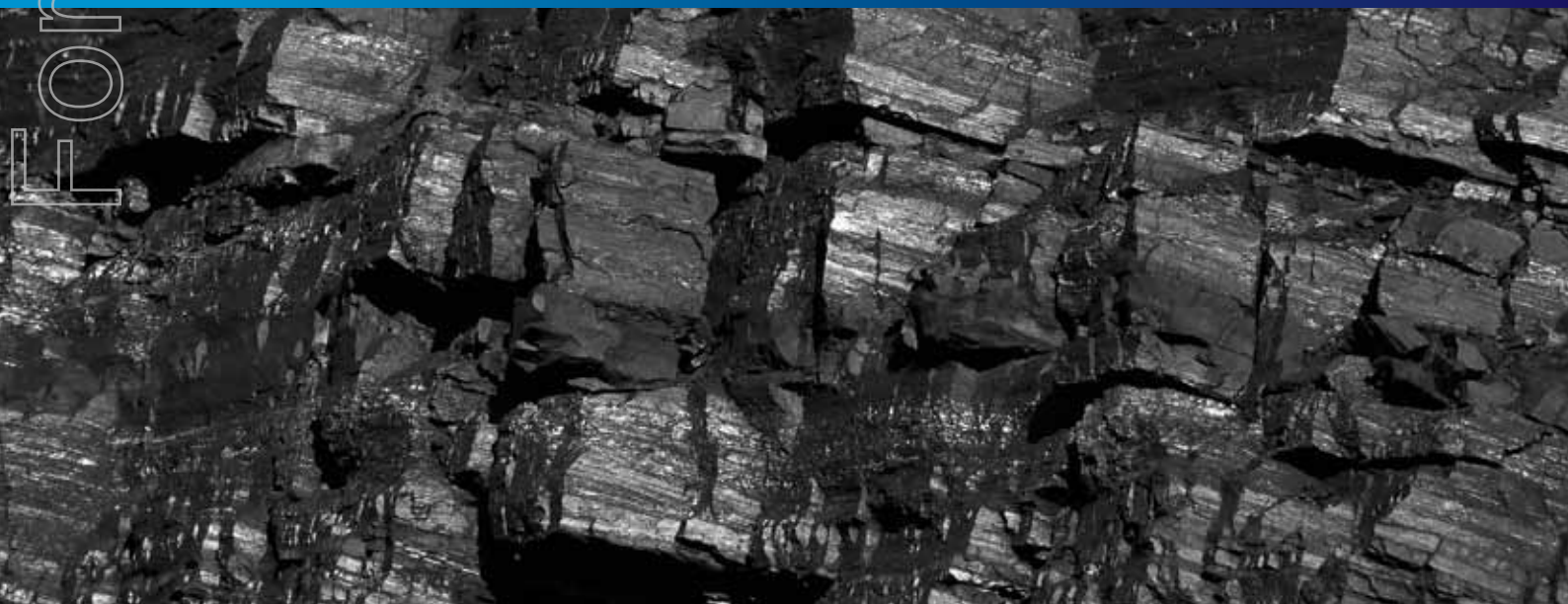
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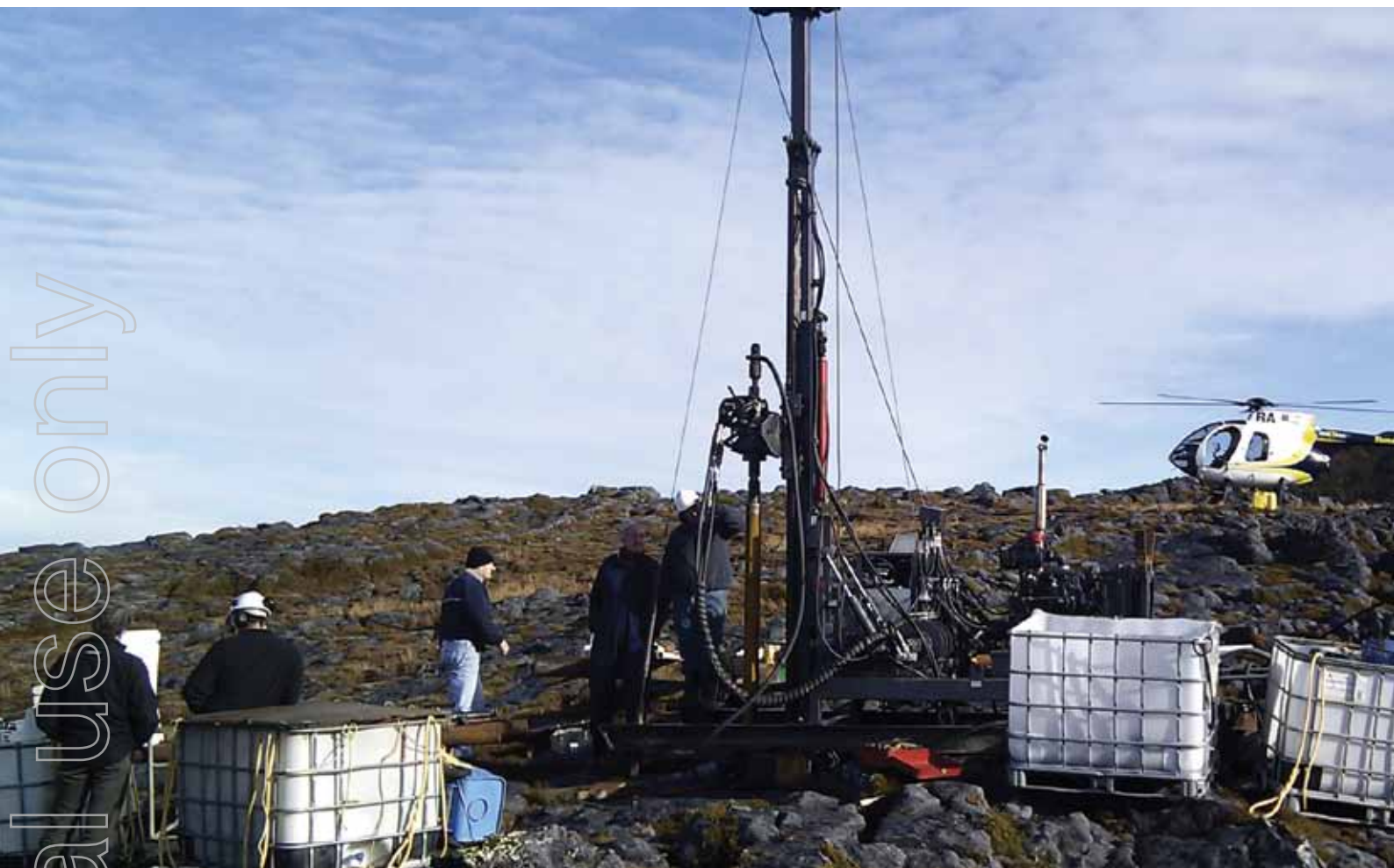


2010 ANNUAL REPORT



BATHURST
RESOURCES LIMITED





Board of Directors

Craig Munro
Non-Executive Chairman

Hamish Bohannon
Managing Director and
Chief Executive Officer

Rob Lord
Non-Executive Director

Gerry Cooper
Executive Director

Joint Company Secretaries

Graham Anderson
Tim Manners

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Chartered Accountants
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Bankers

Westpac Bank

Stock Exchange Listing

The company's shares are listed on
the Australian Stock Exchange Limited.
ASX Code: BTU

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Applecross 6953, Western Australia
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F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Annual General Meeting of Shareholders

To be held at 10am ESST on Monday
29 November 2010 at Sofitel Sydney
Wentworth, 61-101 Phillip Street
Sydney, New South Wales 2000.

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Bathurst Resources Limited was floated on the Australian Stock Exchange in December 2007 and is focused on becoming a producer of high quality coking and thermal coal.

The company has recently completed a strategic realignment to position itself as a New Zealand-focused coal mining company with over 10,000 hectares of prospective tenure in the Buller Coalfield, located in New Zealand's South Island.

Bathurst Resources' new strategic positioning sees the company poised to capitalise on the quality coal assets contained in the Buller coal project, and the high regard and value this coal holds in international markets.

Bathurst has signed an agreement with L&M Coal Holdings to acquire the Buller project, through the acquisition of 100% of L&M Coal Limited.

HIGHLIGHTS

- 100% acquisition of high quality coking coal project in NZ
- Develop the high grade coking coal resources in NZ
- JORC compliant resources of 47.1Mt within a total exploration potential of 60-90 million tonnes
- Open cast development opportunity with production in 12-18 months
- Development in an area of established operations with infrastructure.

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CHAIRMAN'S AND MANAGING DIRECTOR'S REPORT

From challenging beginnings, 2009/2010 has proved to be a watershed year for Bathurst Resources.

We entered the year with our US assets being carefully managed to minimise costs – after reacting quickly to the global economic crisis which became apparent the previous year. As the crisis deepened, concentration was focused on our lowest cost operations, reducing production, implementing cost cutting measures and working to reduce the impact of a deteriorating coal market.

During June and July 2009, we raised A\$2.253 million through a placement of shares and a share purchase plan to provide ongoing working capital as well as to support ground acquisition. We also took the opportunity to restructure some of our debt position, converting directors' loans and outstanding acquisition costs to equity.

From August through to early November, we continued to operate the Mill Creek and Tarkiln mines, while Feds Creek remained under care and maintenance, allowing improved operating flexibility and reduced operating costs.

In November, a dispute arose between Bathurst Resources, C&R Holding of Eastern Kentucky LLC (C&R) and the original vendors of C&R. A settlement agreement was reached, effectively cancelling the acquisition of C&R.

The shares in Bathurst held by the vendors were transferred back to Bathurst and subsequently cancelled. The Feds Creek assets and royalty rights over the other C&R leases were retained, though the Feds Creek assets have since been divested.

Bathurst continued however to actively pursue opportunities to acquire new coal assets and exploration potential.

The end of 2009 saw the first inklings of this change of direction and focus for Bathurst.

Our due diligence into the assets of L&M Coal Limited – namely the Buller coal project in New Zealand – bore fruit and in February we announced the opportunity to acquire this outstanding hard coking coal asset.

A purchase agreement was structured on the premise of Bathurst paying L&M on a staged basis, as and when value is proved up for the project. We believe that this sharing of risk and reward with L&M is a win-win for both parties.

At this time, we also completed a placement of 12.5 million shares at \$0.08 per share raising \$1.0 million to provide ongoing working capital as well as to support project acquisition costs.



Before the end of the first quarter of 2010, the clearly highly prospective nature of the Buller project led us to resolve a new strategic position – as a New Zealand-focused coal mining company. Our new position sees Bathurst poised to capitalise on the quality coal assets contained in the Buller coal project and the high regard and value this coal holds in international markets.

Drilling programs then commenced, and shortly after balance date we confirmed a JORC compliant resource – covering five of the company's seven target zones – of 42.2 million tonnes of high quality coking and thermal coals.

These results validate the earlier exploration undertaken by both NZ Coal Resources Survey and L&M in the region, and add to Bathurst's confidence in developing the mining operation.

Later in the year the results from our drilling at the Deep Creek block enabled us to increase the company's JORC Resource position to 47.1 million tonnes.

Other developments in the latter part of the year also confirmed the investment merits of the Buller project – an increase in the coking coal contract price to over US\$200 per tonne and supportive discussions with various NZ government authorities and service providers.

In June, we announced the placement of 125 million new shares at \$0.13 per share to raise \$16.25 million, with the placement being oversubscribed. Shares were keenly sought by both professional and sophisticated investors in Australia, Asia and Europe.

The capital raised was used for a US\$5 million deposit on the Buller coal project, funding the Definitive Feasibility Study (DFS) and further drilling, as well as working capital.

Since the end of the financial year, interim DFS results have been received which confirm the technical and economic feasibility of the Buller coal project, based solely on the Escarpment Resource which was shown to have the potential to produce 1mtpa of hard coking coal (HCC). A Mining Permit for Escarpment has been granted by Crown Minerals and the quality of the HCC comfortably exceeds industry benchmarks.

While the company, for the moment, is fully funded, we will need to raise further capital at the completion of the Buller acquisition, to the amount of US\$35 million which is expected in November 2010 when the shareholders will vote on the A\$110 million equity raising announced on 5 October 2010. Furthermore the capital raising will also provide funds for the estimated US\$57 million capital and development expenditure. This will support our target of being in production by late 2011.

Over the past year, a number of Board and management movements reflect our new strategic focus and position Bathurst well as we develop the Buller coal project.

In September, Richard Monti resigned as Non-Executive Chairman, and was replaced in December by Craig Munro. As a result of the cancellation of the C&R

acquisition, Billy Shelton resigned from the Board in November, and was replaced by Gerry Cooper. With the company's focus moving to New Zealand, Chuck Griffith resigned in February and has since been replaced by Rob Lord who joined the Board in August 2010.

We thank our outgoing Board members for their service and welcome our new Chairman and directors who bring significant relevant skills and experience to Bathurst's Board.

Shortly after balance date, our executive team was strengthened by the appointment of a number of senior executives, as we opened an office at our Perth headquarters and a project office in Westport on New Zealand's South Island.

As we look to the coming year with much anticipation, our focus is on the following:

- Completion of a \$110 million equity raising
- Completion of the independent technical review of the completed DFS,
- Ongoing negotiations with potential offtake parties and project financiers, and
- Seeking the relevant environmental approvals for mining the Buller project.

In conclusion, we would like to thank all shareholders for their support as we grow and develop within our new strategic parameters. Bathurst's directors and executive are fully committed to creating a successful, New-Zealand focused coal mining company and we look forward to your continued support in achieving this outcome.



Craig Munro
Non-Executive Chairman



Hamish Bohannon
Managing Director

OPERATIONAL SUMMARY

Early in the year, Bathurst Resources US operations remained at the forefront of our activities. Our focus was on taking steps to reduce operating costs and preserve our mining resources during the poor coal market prevailing at that time.

Production at Tarkiln and Mill Creek Mines continued as planned, Feds Creek remained on care and maintenance, while plans were put in place for Yellow Creek to move into production to replace Mill Creek.

With coal prices continuing to fall, Bathurst focused on tight cost control and careful scheduling to keep operating costs low, while actively evaluating opportunities to acquire further coal resources and exploration potential.

In the latter part of 2009, while production continued at Tarkiln and Mill Creek, the cancellation of Bathurst's acquisition of C&R effectively saw the company cease to be a producer of coal.

The company's focus moved solely on to evaluating opportunities for further acquisitions, and by calendar year end was conducting due diligence on two possible coal assets – one in Kentucky USA, and the other in New Zealand.

In February 2010, Bathurst Resources announced the signing of an agreement with L&M Coal Holdings to joint venture and ultimately acquire its hard coking coal asset in the Buller Coalfield in New Zealand through the acquisition of 100% of L&M Coal Limited.

Shortly thereafter, we announced that Bathurst had undertaken a strategic realignment such that our sole focus would be on the Buller coal project, and that no further expenditure would be undertaken on our US assets and that the one remaining asset – Feds Creek – would be transferred to its previous operators.

BULLER COAL PROJECT

The Buller Coalfield on the west coast of the South Island of New Zealand is one of the country's most significant fields, accounting for approximately half of New Zealand's coking coal.

Coal from the Buller region is low ash and has high fluidity with the majority of production suitable for export to overseas steel making industries. Railway lines adjacent to the coalfields service the entire west coast coal mining industry and connect to both river and deep water ports.

The Buller project area comprises two permits that cover over 10,000 hectares of the Buller Coalfield. The project contains extremely high quality coking coal – similar coal in the current market is receiving prices of over US\$200 a tonne.

The project's exploration potential is in the order of 60-90 million tonnes of coking and thermal coal, with current JORC compliant resources of 47.1 million tonnes. It will be developed as an open cast operation expected to be in production by late 2011.

Achievements to date

In the first few months of 2010, the focus was on project acquisition and evaluation. A Definitive Feasibility Study (DFS) was commenced in March and was completed in the first quarter of 2010/2011.

Late in the year Bathurst formally signed the Sale and Purchase Agreement (SPA) for the Buller coal project from L&M Coal Holdings Limited (L&M). Bathurst Resources agreed to acquire all the issued shares in L&M Coal Limited (LMCL), which holds the Buller coal project.

An initial deposit of US\$5 million has been paid, with a further \$35m to be paid upon settlement under the agreement. Bathurst is also required to make two performance payments to L&M of US\$40 million each on the first 25,000 tonnes of coal being shipped from Buller and then on the first one million tonnes of coal being shipped. Upon shipping one million tonnes of coal, L&M is to be granted 5% equity holding in Bathurst.

Bathurst has also agreed to enter into a royalty deed with L&M whereby we have agreed to pay a long-term royalty to L&M equal to 1.75% of the gross sales revenue.

L&M has agreed to restrictions on the manner in which LMCL conducts its business and to notify Bathurst of certain events, and has also provided various

warranties to Bathurst which we consider to be usual for agreements of this nature.

The first stage drilling program commenced in April, focusing on the Escarpment Resource which was targeted as the area to potentially provide the resource for the first five to seven years of mine life.

The aim of the first stage program was to provide geotechnical and coal quality parameters as well as allowing recalculation of resources and reserves to JORC compliant standards for the Escarpment Resource. Four holes totalling 215 metres were drilled, bringing the total to 66 holes drilled in this area.

As a result, Bathurst announced a JORC compliant Resource Statement for the Escarpment in May, confirming 7.3 million tonnes of high quality coking and thermal coal, sufficient to underpin the first five to seven years of production at the Buller project.

The second phase of drilling commenced in June, with the aim of establishing a JORC compliant resource within the primary development and exploration targets comprising North Buller, Blackburn, Millerton North and Deep Creek.

The results achieved – together with those previously achieved at the Escarpment – contributed to the identification of a total of 47.1 million



tonnes of JORC compliant resource, underpinning a potential mine life in excess of 20 years.

In the last quarter of the year, Bathurst commenced discussions with potential providers of labour, equipment, power, and rail and port infrastructure, as well as establishing relationships with various New Zealand government departments, potential financiers and offtake parties.

In June, L&M Coal Limited (to be acquired by Bathurst under the SPA) received approval for mining to proceed at the Escarpment area of the project. The mining permit is granted for 12 years and requires operations to commence within five years.

The next key steps in developing the project are obtaining relevant environmental approvals and completion of the DFS.

The DFS is being conducted by Marston and Marston Inc., and is being prepared on the Escarpment mine and coal processing plant, as the first stage of the Buller project.

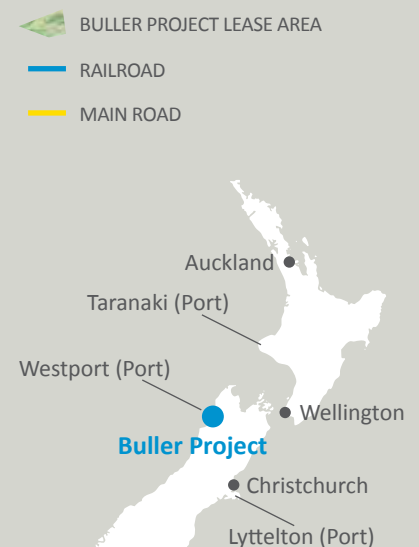
Since balance date, interim DFS results have been received which confirm the technical and economic feasibility of the Buller coal project.

These results are based solely on the Escarpment Resource, confirming the potential for that resource to produce

1mtpa of high quality hard coking coal. The DFS is currently undergoing independent peer review as well as being updated to include the Deep Creek resource. This has already resulted in a maiden reserve, reported in September 2010, of 12.6 million tonnes (ROM) at Escarpment and Deep Creek.

Capital expenditure is estimated at US\$57.0 million plus contingency of \$US5.1 million, with mining, processing and transport costs of approximately US\$103 per tonne FOB. These figures are consistent with previous guidance provided to the market on likely capital expenditure and operating costs.

The economics of the project are likely to be significantly improved as other mines are developed, as the Escarpment represents approximately 15% of the total JORC Resource of 47.1Mt.



SUSTAINABILITY

Sustainable development is a key focus for Bathurst Resources.

We recognise that world-class environmental performance and the development of strong community relations and responsibilities will be essential to our long-term success.

As we develop the Buller project and look towards full operations within 18-24 months, we are establishing fundamental plans, policies and guidelines to ensure the protection of all stakeholders and the environment in which we operate.

HEALTH AND SAFETY

Bathurst Resources is committed to supporting health and safety management throughout all areas of our business. We believe that each and every person is equally responsible for protecting the safety and health of themselves and their fellow workers by complying with all safety and health objectives.

We place the protection and welfare of all people affected by the company's activities – employees, contractors and communities – on top of all other business objectives.



Specifically we are developing the following:

- A culture of safety first in everything we do
- A workplace environment of trust, respect and safety awareness
- Fit-for-work programs and associated support plans
- Measurable objectives and targets
- Monitoring of safety performance and promotion of continuous improvement
- Comprehensive training and awareness programs
- Access to specialist or expert services
- Encouragement and support of regular health checks for staff,
- Participation in community health programs, and
- Open, effective, and meaningful communication.

ENVIRONMENT

Bathurst Resources is committed to minimising the impact the company's activities have on the environment.

We seek to ensure that all our employees, contractors and visitors are aware of Bathurst's policy of protecting and preserving the environment.

We are embedding effective management practices and training programs such that we will be able to monitor and develop our environmental policy. In addition we are working with the relevant regulatory authorities to ensure we understand their expectations, and will then strive to exceed those expectations.

To this end, we are working on:

- Management and control of the impacts of our operations on air, water and land
- Minimising land disturbance and ecosystem degradation
- Re-establishing disturbed areas as sustainable ecosystems and community assets
- Using all resources wisely
- Reducing, reusing and recycling our wastes
- Recognising and meeting community needs, and
- Providing training to employees so they have a clear understanding of our environmental impacts and responsibilities.

COMMUNITY

To ensure support of the communities in which we operate, Bathurst Resources must respect their views and needs.

The company considers strong community relations as vital to our long-term operational and financial success. As our project progresses, we will be ensuring that we become an active member of these communities. Our initial priorities are to provide employment and training opportunities, and to develop a local purchase policy.

We aim to establish partnerships by listening and acting on the following:

- Open, effective and meaningful communication – including timely provision of planning and operational information, and response to community concerns
- Consultation with people who could be affected by our activities
- Participation in community activities
- Support for community initiatives
- Collaboration on relevant economic and community projects, and
- Development and implementation of cultural awareness programs.

RESOURCES AND RESERVES

BULLER PROJECT – Resource as at 30 June 2010

Prospect	Measured	Indicated	Inferred	Total
Escarpment	3.8	1.6	1.9	7.3

Subsequent to the end of the reporting period ongoing exploration and evaluation has resulted in a significant increase to the Resources from 7.3 Mt to 47.1 Mt. In addition to the Resource update Reserves have also been estimated at 12.6 Mt.

BULLER PROJECT – Resource as at 10 October 2010

Prospect	Measured	Indicated	Inferred	Total
Escarpment	3.8	1.6	1.9	7.3
Deep Creek	6.2	3.1	1.6	10.9
Millerton North	-	4.3	-	4.3
Blackburn	-	10.8	-	10.8
North Buller	-	4.8	9.0	13.8
Total	10.0	24.6	12.5	47.1

The information in this document that relates to exploration results and mineral resources for Deep Creek is based on information compiled by Neil Fraser who is a full time employee of Marston International Pty Ltd and is a member of the Australasian Institute of Mining and Metallurgy. Mr Fraser has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Fraser consents to the inclusion in this Annual Report of the matters based on his information in the form and context in which it appears above.

The information in this document that relates to exploration results and mineral resources other than Deep Creek is based on information compiled by Dr James Pope, of CRL Energy of Christchurch New Zealand who is a consultant to the company through CRL Energy and is a member of the Australasian Institute of Mining and Metallurgy. Dr Pope has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Pope consents to the inclusion in this Annual Report of the matters based on his information in the form and context in which it appears above.

RESERVES

Block	Run-of-Mine Coal Reserves			Product Coal		
	Proved	Probable	Total	Proved	Probable	Total
Escarpment	3.5	0.5	4.1	2.3	0.4	2.7
Deep Creek	5.8	2.7	8.5	5.1	2.4	7.5
Total	9.3	3.2	12.6	7.4	2.8	10.2

The information in this report that relates to mining reserves is based on information compiled by Neil Fraser who is a full time employee of Marston International Pty Ltd and is a member of the Australasian Institute of Mining and Metallurgy. Mr Fraser has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Fraser consents to the inclusion in this Annual Report of the matters based on his information in the form and context in which it appears above.



FINANCIAL REPORT

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Statement of Comprehensive Income	24	Bathurst Resources Ltd
Statement of Financial Position	26	Suite 5, 1327 Hay Street, West Perth, 6005, Western Australia
Statement of Changes in Equity	27	A description of the nature of the Company's operations and its principal activities is included in the review of operations and activities in the Directors' Report on page 12, which does not form part of this financial report.
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DIRECTORS' REPORT

Your Directors have pleasure in submitting the financial report of the Company for the year ended 30 June 2010.

INFORMATION ABOUT THE CURRENT DIRECTORS

The names and details of Directors in office at any time during the year and at the date of this report are:

Mr Hamish Bohannon

Managing Director

Experience and expertise

Hamish Bohannon is a Mining Engineer with 30 years experience in the resources industry, starting as a miner with Goldfields in South Africa before completing a degree at the Royal School of Mines. He has been actively involved in many areas of the industry including dredging and open cut mining, processing and smelting having worked around the globe in various metals from copper and gold to nickel and mineral sands. Previously CEO of Braemore Resources, Hamish has also held executive positions with Cyprus Minerals, WMC Ltd, Iluka and IAMGold.

Other current directorships of listed companies

Tectonic Resources NL – Non-Executive Chairman

Other directorships held in listed companies in the last three years

Braemore Resources PLC – Managing Director
Lachlan Star Ltd – Non-Executive Director

Mr Gerald Cooper

Executive Director, appointed 12 November 2009

Experience and expertise

Mr Cooper has been Bathurst's VP Operations USA for the last 14 months. Gerry, who is a qualified Marine Engineer, served for a number of years as a seagoing engineer before moving into the power generation field. Following emigration to Australia, he worked within the mining industry in engineering and maintenance related roles for Monadelphous Engineering, Cyprus Gold, Arimco, Copper Mines of Tasmania, Pegasus Gold, Acacia Resources and WMC Phosphate Hill.

Gerry subsequently moved overseas to work for Ashanti Gold in Guinea and Iluka Resources in the United States. Gerry was Group Engineering Manager for IAMGold before returning to Australia in 2007 and taking up a position as VP Engineering & Maintenance with Braemore Resources.

Other current directorships of listed companies

None

Other directorships held in listed companies in the last three years

None

Mr Craig Munro

Non-Executive Chairman, appointed 3 December 2009

Experience and expertise

Craig Munro (FCPA, FAusIMM) is a Certified Practicing Accountant with over 35 years experience in the mining industry. He was previously Senior Vice President Corporate & Finance and Chief Financial Officer of Anvil Mining Limited. He has been both an Executive Director and Non-Executive Director of a number of listed companies since 1990. He is currently a Director of Total Staffing Solutions Limited and was previously a Director of Gallery Gold Limited.

Other current directorships of listed companies

Total Staffing Solutions Limited – Director
Pegasus Metals Ltd – Non-Executive Chairman

Other directorships held in listed companies in the last three years

Gallery Gold Limited – Director

Mr Rob Lord

Non-Executive Director, appointed 17 August 2010.

Experience and expertise

Rob Lord (BSc, MBA) was recently the Managing Director and Chief Executive Officer of Gloucester Coal Ltd a successful ASX 200 publically listed company specialising in coal mining and marketing.

Prior to his appointment at Gloucester Coal, Mr Lord worked in the pulp and paper industry for 19 years, most recently as Executive Vice President responsible for the Australasian operations of Norwegian-based Norske Skog. Mr Lord has also worked in a variety of senior international marketing and sales positions including roles with Norske Skog Australasia, Fletcher Challenge Paper Australasia and Tasman Pulp and Paper in New Zealand.

Other directorships held in listed companies in the last three years

Gloucester Coal Limited – Managing Director

COMPANY SECRETARY

Graham Anderson

Joint Company Secretary, appointed 3 August 2009

Graham Anderson is a Chartered Accountant who operates his own specialist accounting and management consultancy practice. He is currently a Director and Company Secretary of a number of ASX listed companies.

Timothy Manners

Joint Company Secretary, appointed 30 August 2010

Tim Manners is a Chartered Accountant and qualified Company Secretary with over 17 years commercial experience in senior finance positions within the resources sector. He is also the Chief Financial Officer of the Company.

DIRECTORS' REPORT

Charles "Chuck" Griffith – Non-Executive Director, appointed 19 February 2009, resigned 29 March 2010

Mr Richard Monti – Non-Executive Chairman, appointed 30 May 2007, resigned 7 September 2009.

Mr Billy Shelton – Executive Director, appointed 8 September 2008, resigned 16 November 2009.

PRINCIPAL ACTIVITIES

Bathurst Resources Limited ("Bathurst") principal activities include the exploration for and development of coal mining assets.

RESULTS

The net loss of the Company for the year ended 30 June 2010 amounted to \$9,272,688.

OPERATING AND FINANCIAL REVIEW

During the year the Group has raised \$19,563,000 in proceeds from issue of shares.

The Group consolidated net loss for the year was \$9,272,688, (2009: \$12,200,792).

In June 2010 the Company signed an Agreement with L&M Coal Holdings Limited to purchase the Buller Coal Project. Under the terms of the Sale and Purchase Agreement ("Agreement"), Bathurst has agreed to acquire all of the issued shares in L&M Coal Limited ("LMCL") from L&M Coal Holdings Limited. LMCL holds the Buller Coal Project.

In summary the Agreement provides:

- Bathurst will pay an initial deposit of US\$5m (which is only refundable in limited circumstances) and will pay a further US\$35m upon settlement under the agreement. The initial deposit was paid on 17 June 2010.
- Bathurst is required to make two performance payments to L&M of US\$40m each on the first 25,000 tonnes of product coal being shipped from the Buller Coal Project and then on the first one million tonnes of product coal being shipped from the Project;
- L&M is entitled to be issued with 5% of the issued capital of Bathurst (on a fully diluted basis) at the same time as the second performance payment is due. In the event that Bathurst does not or cannot make this share issue, then the royalty payable to L&M (discussed below) is increased from 1.75% up to a maximum of 3.75%;
- the conditions to the Agreement include
 - approval under the New Zealand Overseas Investment Act,
 - approval under section 41 of the New Zealand Crown Minerals Act,
 - Bathurst obtaining any shareholder approvals required in relation to the Agreement,
 - completion of the definitive feasibility study,

- L&M and LMCL obtaining all consents and approvals required in relation to the Agreement, and
- Bathurst to pay US\$35 million ("Settlement").

Under a Deed of Variation between the Company and LMCL executed in September 2010 (the "Deed"), the above conditions need to be satisfied by 31 December 2010. Under the Deed, interest will be charged on the US\$35 million at 10% p.a. (calculated daily) from 5 days after 31 October 2010 to Settlement.

Bathurst has also agreed to enter into a royalty deed with L&M ("Royalty Deed") whereby Bathurst has agreed to pay a long-term royalty to L&M equal to 1.75% of the Gross Sales Revenue. Until the time that Bathurst makes payment of the first performance payment of US\$40m the royalty will be payable at the rate of 10% of Gross Sales Revenue, reducing to 5% of the Gross Sales Revenue until Bathurst makes the payment of the second performance payment of US\$40m and thereafter at the long-term rate of 1.75% of Gross Sales Revenue.

As above, the level of the final royalty may be increased up to 3.75% on a proportional basis in the event that Bathurst does not, or cannot, issue some or all of the 5% of shares to L&M as set out above. Gross Sales Revenue is defined to be the revenue derived from the sale of coal from the Buller Coal Project without any deductions on any account.

CHANGES IN THE STATE OF AFFAIRS

There were two significant changes in the state of affairs for the Group during the financial year. The first was the disposal of C&R Holdings of Eastern Kentucky LLC leading to the effective withdrawal of the coal operations in the US.

The second change was the signing of the Sale and Purchase Agreement with L&M Coal Ltd to purchase the Buller Coal Project on 10 June 2010. This signalled the Group's forward plan to invest and set up its coal mining operations in New Zealand.

SUBSEQUENT EVENTS

Since 30 June 2010, the Company has raised \$666,890 through the issue of 2,643,559 shares due to the exercise of unlisted and listed options at \$0.25 each.

The Company remains on track to complete the acquisition of the Buller Project in accordance with the Share and Purchase Agreement and the Deed of Variation with L&M Coal Ltd.

ENVIRONMENTAL REGULATION

The Directors believe that the Company has, in all material respects, complied with all particular and significant environmental regulations relevant to its operations.

The Company's operations are subject to various environmental regulations under the Federal and State Laws of Australia. The majority of the Company's activities involve low level disturbance associated with exploration programs.

DIRECTORS' REPORT

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company has paid a premium of \$32,522 to insure the Directors and Secretary of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in ordinary shares, listed and unlisted options of the company were:

Director	Shares		Listed Options		Unlisted Options	
	Held Directly	Held Indirectly	Held Directly	Held Indirectly	Held Directly	Held Indirectly
H. Bohannan	-	5,645,000	-	-	-	7,400,000
G. Cooper	-	200,000	-	-	-	4,000,000
R. Lord	-	217,000	-	-	-	-
C. Munro	100,000	100,000	-	-	-	2,000,000

MEETINGS OF DIRECTORS

During the financial year, 9 meetings of directors were held with the following attendances:

Directors	Meetings Attended	Meetings Eligible to Attend
H. Bohannan	9	9
C. Munro	6	6
Chuck Griffith	6	6
G. Cooper	7	7
R. Monti	2	2
B. Shelton	3	3

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

Mr Richard Monti resigned as Director and Chairman of the Company on 7 September 2009.

Mr Charles Griffith resigned as Director on 29 March 2010.

Mr Billy Shelton resigned as Director on 16 November 2009.

Mr Gerry Cooper was appointed as Director on 12 November 2009.

Mr Rob Lord was appointed as Director on 17 August 2010.

DIRECTORS' REPORT

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Company. The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Director and senior management details
- C. Details of remuneration
- D. Service agreements
- E. Share based compensation
- F. Additional information

A. Principles used to determine the Nature and Amount of Remuneration (audited)

The remuneration policy of the Company has been designed to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel and Directors to run and manage the Company. The key management personnel of the Company are the Executive Directors and senior management personnel.

The Board's policy for determining the nature and amount of remuneration for Board members and key management personnel of the Company is as follows:

The remuneration policy, setting the terms and conditions for the Executive Directors and key management personnel, was developed by the Board. The Board reviews key management personnel packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of key management personnel and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel are also entitled to participate in the employee share and option arrangements.

As consultants, Executive Directors do not receive any superannuation contributions, or any other retirement benefits.

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the annual general meeting (currently \$120,000). Fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in employee option plans that may exist from time to time.

Performance based remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and key management personnel. Currently, this is facilitated through the issue of options to key management personnel to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

B. Directors details

The following persons acted as Directors or senior management during or since the end of the financial year.

Hamish Bohannan	Managing Director (appointed 8 September 2008)
Billy Ray Shelton	Executive Director (resigned 16 Nov 2009)
Charles Griffith	Non-Executive Director (resigned 29 March 2010)
Richard Monti	Non-Executive Chairman (resigned 7 September 2009)
Gerry Cooper	Executive Director (appointed 12 November 2009)
Craig Munro	Non-Executive Chairman (appointed 3 December 2009)
Rob Lord	Non-Executive Director (appointed 17 August 2010)

The term "senior management" is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current positions for the whole of the financial year and since the end of the financial year.

Gerry Cooper	EGM Engineering and Construction
Ronnie Bowling	Operations Manager (resigned 9 November 2009)
Josh Ward	Company Secretary (resigned 3 August 2009)
Tim Manners	Chief Financial Officer and Joint Company Secretary (appointed 30 August 2010)
Steve O'Dea	Executive General Manager (appointed 1 February 2010)

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

C. Details of remuneration (audited)

Details of the remuneration of the Directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Bathurst Resources Limited are set out in the following table.

2010	Short-Term	Post Employment Superannuation	Share-based Payments		Total
			Options/Shares	Remuneration Consisting Options/Shares	
	\$	\$	\$	%	\$
Directors					
Hamish Bohannon					
2010	270,000	-	-	0.00%	270,000
2009	24,417	-	48,382	66.46%	72,799
Gerald Cooper					
2010	61,667	-	-	0.00%	61,667
2009	-	-	-	0.00%	-
Craig Munro					
2010	17,500	-	-	0.00%	17,500
2009	-	-	-	0.00%	-
Charles Griffith*					
2010	-	-	27,500	100.00%	27,500
2009	-	-	12,500	100.00%	12,500
Billy Shelton*					
2010	7,500	-	-	0.00%	7,500
2009	24,417	-	-	0.00%	24,417
Richard Monti*					
2010	5,000	450	-	0.00%	5,450
2009	30,000	2,700	-	0.00%	32,700
Company Secretary					
Graham Anderson					
2010	46,750	-	46,750	50.00%	93,500
2009	-	-	-	0.00%	-
Senior Management					
Steve O'Dea					
2010	88,541	7,969	-	0.00%	96,510
2009	-	-	-	0.00%	-
Total Directors and key management personnel compensation					
2010	496,958	8,419	74,250	12.81%	579,627
2009	78,834	2,700	60,882	42.75%	142,416

*Has resigned as Director.

DIRECTORS' REPORT

D. Service Agreements (audited)

Upon appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the policies and terms, including compensation, relevant to the office of Director. For the 2010 financial year, remuneration of \$30,000 per annum was paid to each Non-Executive Director.

Remuneration and other terms of employment for the Managing Director are formalised in a service agreement. The agreement provides for the participation, when eligible, in the Bathurst Resources Employee Share Option Plan. Other major provisions of the agreement relating to remuneration are set out below.

Hamish Bohannon – Managing Director

Putsborough Holdings Pty Ltd as trustee for The Putsborough Holding Trust, an entity associated with Hamish Bohannon has been engaged to provide technical and corporate services.

- Term of agreement – ongoing subject to shareholder ratification at the Annual General Meeting.
- Remuneration is charged at \$348,000 per annum plus applicable GST.
- Contract may be terminated on 3 months written notice by either party, or immediately on breach of certain contract terms. No termination benefits are payable by the Company.
- Mr Hamish Bohannon is the nominated executive.

Gerald Cooper – Executive General Manager – Engineering and Construction of Bathurst

- Term of agreement – ongoing subject to annual review
- Base salary excluding director fees, exclusive of superannuation, for the period ended 30 June 2010 of \$250,000, to be reviewed annually by the Board.
- Contract may be terminated on 2 months written notice by either party, or immediately on breach of certain contract terms. No termination benefits are payable by the Company.

E. Share Based Compensation (audited)

Details of the share based remuneration of the Directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of the Company are set out in the following table. The options were granted for no consideration. Options carry no dividend or voting rights.

There were no options granted to Directors and key management personnel during the financial period ended 30 June 2010.

Options granted in the 2009 financial year are set out below.

2009 Granted		Terms & Conditions for each Grant						Vested	
No. Granted	Grant Date	Fair Value at Grant Date	Exercise Price per Option	Expiry Date	First Exercise Date	Last Exercise Date	No.	%	
Directors									
H. Bohannon	800,000	9/9/08	\$0.1578	\$0.42	1/9/11	9/9/09 ⁽¹⁾	1/9/11	-	-
H. Bohannon	800,000	9/9/08	\$0.1578	\$0.42	1/9/11	9/9/09 ⁽²⁾	1/9/11	-	-
H. Bohannon	800,000	9/9/08	\$0.1578	\$0.42	1/9/11	9/9/09 ⁽³⁾	1/9/11	-	-
Key Management Personnel									
G. Cooper/A. Yurisich	900,000	22/10/08	\$0.0615	\$0.42	31/10/11	31/10/09 ⁽¹⁾	31/10/11	-	-
G. Cooper/A. Yurisich	900,000	22/10/08	\$0.0778	\$0.42	31/10/12	31/10/10 ⁽²⁾	31/10/12	-	-
G. Cooper/A. Yurisich	900,000	22/10/08	\$0.0915	\$0.42	31/10/13	31/10/11 ⁽³⁾	31/10/13	-	-

(1) Options have a price hurdle of \$0.60

(2) Options have a price hurdle of \$0.80

(3) Options have a price hurdle of \$1.00

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

E. Share Based Compensation (audited) (continued)

The model inputs for options granted during the year ended 30 June 2009 included:

Model Inputs	Key Management Personnel Options	Director Options
1. Options granted for no consideration:	2,750,000	2,400,000
2. Exercise price (cents):	0.35 & 0.42	42
3. Issue date:	22 October 2008	9 September 2008
4. Expiry date:	31 October 2011, 12 & 13	1 September 2011
5. Underlying security spot price at grant date (cents):	20	42
6. Expected price volatility of the Company's shares:	75%	75%
7. Expected dividend yield:	0%	0%
8. Risk-free interest rate:	6.00%	7.25%

F. Additional Information (unaudited)

Principles used to determine the nature and amount of remuneration: relationship between remuneration and company performance

The overall level of executive reward takes into account the performance of the Company over a number of years, with greater emphasis given to the current and prior year.

Mr Hamish Bohannon was advanced \$251,041 during the 2010 year for expenditure that has been or will be incurred in his role as Managing Director on behalf of Bathurst. This advance to Mr Hamish Bohannon will be expensed in the 2011 financial year upon provision of suitable supporting documentation. The advance to Hamish is interest free and unsecured.

SHARE OPTIONS

Shares under option

At the date of this report there are 43,723,108 unissued shares under option outstanding.

Date Granted	Expiry Date	Exercise Price	Number Shares Under Option
1 November 2007	31 December 2010	\$0.25	500,000*
13 December 2007	31 December 2010	\$0.25	2,346,939*
13 December 2007	31 December 2010	\$0.25	1,500,000*
13 December 2007	31 December 2010	\$0.25	250,000*
2 April 2008	31 December 2010	\$0.25	4,476,169
12 September 2008	1 September 2011	\$0.25	1,000,000*
12 September 2008	1 September 2011	\$0.42	2,400,000*
22 October 2008	31 October 2011	\$0.35	250,000*
22 October 2008	31 October 2011	\$0.42	500,000*
22 October 2008	31 October 2012	\$0.42	500,000*
22 October 2008	31 October 2013	\$0.42	500,000*
23 July 2009	30 June 2012	\$0.10	4,000,000*
16 June 2010	16 June 2013	\$0.15	5,000,000*
24 August 2010	30 June 2013	\$0.15	11,000,000*
30 August 2010	30 September 2013	\$0.15	9,500,000*
			43,723,108

* Unlisted options

These options do not entitle the holders to participate in any share issue of the Company or any other body corporate. No shares were issued as a result of the exercise of an option.

DIRECTORS' REPORT

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

During the year the following fees were paid or payable for services provided by the auditor.

	2010 \$	2009 \$
Audit Services		
Amounts payable to auditor of the Company		
- Auditing or reviewing the financial report	83,886	46,750
Other services		
Review of acquisition of C&R Holdings of Eastern Kentucky LLC.	-	2,750
	83,886	49,500

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the year ending 30 June 2010 has been received.

AUDITOR

WHK Horwath continues in office in accordance with section 327 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors.



Craig Munro
Chairman

30 September 2010

AUDITOR'S INDEPENDENCE DECLARATION



AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Bathurst Resources Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

WHK HORWATH PERTH AUDIT PARTNERSHIP

SEAN MCGURK
Partner

Perth, WA

Dated this 30th day of September 2010

Total Financial Solutions



Horwath refers to Horwath International Association, a Swiss entity.
Each member of the Association is a separate and independent legal entity.

Member Horwath International

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A WHK Group firm

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for the corporate governance of the Company. The Board guides and monitors the business activities and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. The Corporate Governance Statement has been structured with reference to the Australian Stock Exchange Corporate Governance Council's ("Council") "Principles of Good Corporate Governance and Best Practice Recommendations" to the extent that they are applicable to the Company.

Information about the Company's corporate governance practices are set out below.

THE BOARD OF DIRECTORS

The Company's Constitution provides that the number of Directors shall not be less than three. There is no requirement for any shareholding qualification.

If the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately supervise the Company's activities will be determined within the limitations imposed by the Constitution and as circumstances demand.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and application of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the full Board, subject to election by shareholders at the next Annual General Meeting. Under the Company's Constitution the tenure of a Director (other than Managing Director, and only one Managing Director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for the period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the appointment may be revoked on notice.

The Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of other separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

APPOINTMENTS TO OTHER BOARDS

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

INDEPENDENT PROFESSIONAL ADVICE

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to Director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

CORPORATE GOVERNANCE STATEMENT

RISK MANAGEMENT SYSTEMS

The identification and management of risk, including calculated risk-taking activity is viewed by management as an essential component in creating shareholder value.

Management, through the Chief Executive Officer, is responsible for developing, maintaining and improving the Company's risk management and internal control system. Management provides the Board with periodic reports identifying areas of potential risks and the safeguards in place to efficiently manage material business risks. These risk management and internal control systems are in place to protect the financial statements of the entity from potential misstatement, and the Board is responsible for satisfying itself annually, or more frequently as required, that management has developed a sound system of risk management and internal control.

Strategic and operational risks are reviewed at least annually as part of the forecasting and budgeting process. The Company has identified and actively monitors a number of risks inherent in the industry in which the Company operates. These include:

- Fluctuations in coal prices
- Rights of tenure
- Depletion of reserves
- Fluctuations in demand for coal
- Loss of significant suppliers and customers
- Increasing cost of operations
- Changes in the regulatory environment
- Fluctuation in currency exchange rates between Australia and the US and Australia and New Zealand.

These risk areas are provided to assist shareholders and potential investors to better understand the risks faced by our Company and the industry in which we operate, and are not an exhaustive list of the business risks faced by the Company.

Key operational risks such as OH&S and environmental risks are addressed regularly by management reports to the Board.

The Board also receives a written assurance from the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) that to the best of their knowledge and belief, the declaration provided to the Board in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control, and that the system is operating effectively in relation to financial reporting risks. The Board notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in internal control procedures.

CONTINUOUS REVIEW OF CORPORATE GOVERNANCE

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors of the Company. Such information must be sufficient to enable the Directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The Directors recognise that minerals exploration is a business with inherent risks and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

CORPORATE GOVERNANCE STATEMENT

ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Board has reviewed its current practices in light of the ASX Principles of Good Corporate Governance and Best Practice Guidelines 2004 with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

	ASX Principle	Reference/Comment
Principle 2: Structure the Board to add value		
2.1	A majority of the Board should be independent Directors.	Given the Company's background, the nature and size of its business and the current stage of its development, the Board comprises four Directors, two of whom are non-executive and independent. The Board is actively recruiting a fifth Director who should be non-executive and independent. The Board believes the alignment of the interests of Directors with those of shareholders as being the most efficient way to ensure shareholders' interests are protected. The Board believes that this is both appropriate and acceptable at this stage of the Company's development.
2.3	The Board should establish a nomination committee	The Board has no formal nomination committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for, screening and appointing new Directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to this process.
Principle 4: Safeguard integrity in financial reporting		
4.1 - 4.4	The Board should establish an audit committee	The Company does not have an audit committee. The Board believes that, with only four Directors on the Board, the Board itself is the appropriate forum to deal with this function.
Principle 8: Remunerate fairly and responsibly		
8.1	The Board should establish a remuneration committee	Given the current size of the Board, the company does not have a remuneration committee. The Board as a whole reviews remuneration levels on an individual basis, the size of the Company making individual assessment more appropriate than formal remuneration policies. In doing so, the Board seeks to retain professional services as it requires, at reasonable market rates, and seeks external advice and market comparisons where necessary.
8.2	Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives.	The Board acknowledges the grant of options to Directors is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of Director options to be necessary to attract and retain the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves;

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2010 \$	2009 \$
REVENUE	4	98,952	36,562
Cost of sales		-	-
Administration expenses	5	(1,090,934)	(805,907)
Depreciation and amortisation expenses		(2,362)	(1,221)
Exploration expenses		-	-
Employee expenses		(468,692)	(289,036)
Foreign exchange gain/(loss)		(196,391)	(18,358)
Finance costs		(10,949)	(23,985)
Due diligence expenses		(994,662)	-
Other expenses		(399,779)	-
Impairment losses	30	(1,679,180)	(58,059)
Loss before income tax		(4,743,997)	(1,160,004)
Income tax expense	6	-	-
Loss from continued operations after income tax expense		(4,743,997)	(1,160,004)
Loss from discontinued operations	14	(3,659,898)	(10,141,070)
Loss for the year		(8,403,895)	(11,301,074)
Other comprehensive income for the year, net of tax			
Foreign exchange gain/(loss)		(868,793)	(899,718)
Total comprehensive income for the year		(9,272,688)	(12,200,792)
Total comprehensive income attributable to members of Bathurst Resources Limited		(9,272,688)	(12,200,792)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2010 \$	2009 \$
Earnings per share for loss attributable to ordinary equity holders of the Company:			
Earnings per share			
Basic loss per share - cents per share	8	(7.67)	(22.24)
Diluted loss per share - cents per share		(7.67)	(22.24)
Continued operations			
Basic loss per share - cents per share	8	(4.33)	(2.28)
Diluted loss per share - cents per share		(4.33)	(2.28)
Discontinued operations			
Basic loss per share - cents per share	8	(3.34)	(19.96)
Diluted loss per share - cents per share		(3.34)	(19.96)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2010

	Notes	2010 \$	2009 \$
ASSETS			
Current assets			
Cash and cash equivalents	9	8,276,326	242,967
Trade and other receivables	10	396,585	173,065
Other assets	11	145,129	68,887
Other financial assets	12	15,065	1,004,850
Total current assets		8,833,105	1,489,769
Non current assets			
Property, plant and equipment	13	35,015	5,676,489
Mine development costs	23	-	4,286,011
Exploration and evaluation expenditure	23	-	9,081,917
Other assets	15	5,762,361	-
Total non current assets		5,797,376	19,044,417
Total assets		14,630,481	20,534,186
LIABILITIES			
Current liabilities			
Trade and other payables	16	458,341	4,334,601
Borrowings	24	-	2,868,715
Total current liabilities		458,341	7,203,316
Non current liabilities			
Borrowings	24	-	5,173,705
Long-term provisions	25	-	394,252
Deferred tax liabilities		-	-
Total non current liabilities		-	5,567,957
Total liabilities		458,341	12,771,273
Net assets		14,172,140	7,762,913
EQUITY			
Issued capital	17	32,958,199	17,542,672
Reserves	18	1,178,871	1,781,276
Accumulated losses		(19,964,930)	(11,561,035)
Total equity		14,172,140	7,762,913

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share Capital Ordinary	Accumulated Losses	Foreign Exchange Translation Reserve	Option Issue Reserve	Total Equity
		\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2008		2,751,522	(259,961)	-	529,803	3,021,364
Other comprehensive income for the year		-	(11,301,074)	-	-	(11,301,074)
Total comprehensive income for the year		-	(11,301,074)	899,718	-	(10,401,356)
Contributions to equity net of transactions costs	17	14,362,483	-	-	-	14,362,483
Exercise of options	17	8,667	-	-	(333)	8,334
Share-based payments	19	420,000	-	-	352,088	772,088
Total equity at 30 June 2009		17,542,672	(11,561,035)	899,718	881,558	7,762,913
BALANCE AT 1 JULY 2009		17,542,672	(11,561,035)	899,718	881,558	7,762,913
Other comprehensive income for the year		-	(8,403,895)	-	-	(8,403,895)
Total comprehensive income for the year		-	(8,403,895)	(868,793)	-	(9,272,688)
Contributions to equity net of transactions costs	17	19,709,167	-	-	-	19,709,167
Exercise of options	17	-	-	-	-	-
Cancellation of shares from disposal of C&R	14	(4,395,065)	-	-	-	(4,395,065)
Share-based payments	19	101,425	-	-	266,388	367,813
Balance at 30 June 2010		32,958,199	(19,964,930)	30,925	1,147,946	14,172,140

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT

	Notes	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,852,812	20,487,119
Interest received		20,860	43,781
Payments to suppliers and employees		(7,973,933)	(21,282,561)
Interest and other finance cost paid		(10,949)	(267,326)
Net cash (outflow) from operating activities	22	(5,111,210)	(1,018,987)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration expenditure		(5,762,360)	(2,297)
Payment for property, plant and equipment		(64,616)	(69,586)
Payment for environmental bonds		(32,190)	(491,928)
Payments for finance lease		(143,183)	(1,217,980)
Net cash paid on acquisition of subsidiary		-	(1,718,352)
Net cash (outflow) from investing activities		(6,002,349)	(3,500,143)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		21,254,427	1,630,625
Proceeds from Directors' loan and coal loan		-	935,776
Factoring costs		-	(77,220)
Borrowing repayments		(164,832)	(492,975)
Proceeds from exercise of options		-	8,333
Payment of share issue costs		(1,443,836)	(67,587)
Net cash inflow from financing activities		19,645,759	1,936,952
Net increase/(decrease) in cash and cash equivalents		8,532,200	(2,582,178)
Cash and cash equivalents at the beginning of the year		242,967	2,297,260
Exchange rate effects on cash		(498,841)	527,885
Cash and cash equivalents at the end of the year	9	8,276,326	242,967

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: REPORTING ENTITY

Bathurst Resources Ltd (the "Company") is a company domiciled in Australia. The financial report of the Company as at and for the year ended 30 June 2010 comprises Bathurst Resources Limited and its controlled entities (Consolidated Entity or "Group").

On 28 June 2010, the government announced the passage of the Corporations Amendment (Corporate Reporting Reform) Bill 2010. The changes contained within the Bill have come into effect for the financial year ended 30 June 2010. A key change that impacted the financial report of Bathurst Resources Limited is the abolition of the requirement to prepare parent company financial statements in addition to consolidated financial statements. As a result of this, the separate financial statements of the parent entity, Bathurst Resources Limited have not been presented within this Group financial report. Certain disclosures required by the Corporations Act 2001 in relation to the parent entity are detailed in Note 29 to the financial statements.

Access to financial information of C&R Holdings of Eastern Kentucky LLC

Bathurst Resources Limited effectively reversed the acquisition of C&R Holdings of Eastern Kentucky LLC (C&R Holdings) on 9 November 2009, which represented over 90% of the Group's net assets as at 30 June 2009. As a result of the reversal of the acquisition of C&R Holdings and administrative issues, management of Bathurst Resources Ltd do not have access to all of the financial information of C&R Holdings required to prepare these financial statements. Management has therefore used the 30 September 2009 trial balance (latest information available) to prepare the 30 June 2010 financial statements and to account for the effective reversal of the acquisition.

NOTE 2: STATEMENT OF COMPLIANCE

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Corporations Act 2001.

These financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS), and other authoritative pronouncements of the Australian Accounting Standards Board and Australian Accounting Interpretations. Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with the International Financial Reporting Standards (IFRS).

This financial report was approved by the Board of Directors on 30 September 2010.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

A. Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Boards, Australian Accounting Interpretations and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

These financial statements are presented in Australian dollars, which is the Company's financial and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Principles of Consolidation

The consolidated financial statements comprise the financial statements of Bathurst Resources Limited and its subsidiaries as at 30 June 2010.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All inter-group balances and transactions between entities in the consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

C. Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

D. Inventories

Inventories are measured at the lower of cost and net realisable value. Cost includes direct materials only.

E. Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area (or, alternatively by its sale) or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and above operations in relation to the area are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

NOTES TO THE FINANCIAL STATEMENTS

F. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

G. Impairment of Assets

Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Income Statement.

H. Foreign Currency Translation and Balances

i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Balance Sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

iii) Translation of Group Companies' functional currency to presentation currency

The results of the United States subsidiaries are translated into Australian dollars as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at balance date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity. These differences are recognised in the Statement of Comprehensive Income in the period in which the operation is disposed.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Share-based Payments

The Company provides payment in the form of share-based compensation for rendered services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black-Scholes method. The Black-Scholes option pricing model takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are considered when forming assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

J. Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

K. Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i) Sale of goods

Revenue from the sale of goods is recognised when there is persuasive evidence, usually in the form of an executed sales agreement at the time of delivery of the goods to customer, indicating that there has been a transfer of risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined, the price is fixed and when title has passed.

ii) Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

L. Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authorities, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable and receivables and payables in the Balance Sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet. Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

M. Mining and Development Properties

Mining and development properties include the cost of acquiring and developing mining properties, mineral rights and exploration, evaluation and development expenditure carried forward relating to areas where production has commenced. These assets are amortised using the unit of production basis over the economically recoverable reserves. Amortisation starts from the date when commercial production commences.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

N. Financial Instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Financial Instruments (continued)

Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purpose, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity where there is neither a fixed maturity nor fixed or determinable payments.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised costs.

Impairment

At each reporting date the Group assesses whether there is objective that a financial instrument has been impaired. Impairment losses are recognised in the Income Statement.

O. Other Receivables

Other receivables, which generally have 30-90 day terms, are recognised and carried at fair value and subsequently at amortised cost less a provision for any uncollectible amounts.

Collectability of other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms or receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the Income Statement.

P. Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Q. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

R. Earnings Per Share

i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

S. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	7-33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Income Statement.

T. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

U. Critical Accounting Estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

Key estimates – impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (continued)

V. Accounting Standards Not Previously Applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current financial year. Disclosures required by these standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of financial statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income; and
- other financial statements are renamed in accordance with the standard.

Operating segments

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the group's chief operating decision maker which, for the Group, is the Board of Directors.

Business combinations and consolidation procedures

Revised AASB 3 is applicable prospectively from 1 July 2008. Changes introduced by this standard, or as a consequence of amendments to other standards relating to business combinations which are expected to affect the Group, include the following:

- All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method which prohibits the recognition of contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability. Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation. Changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments and are recognised through profit or loss unless the change relates to circumstances which existed at acquisition date.
- Unrecognised deferred tax assets of the acquiree may be subsequently realised within 12 months of acquisition date on the basis of facts and circumstances existing at acquisition date with a consequential reduction in goodwill. All other deferred tax assets subsequently recognised are accounted for through profit or loss.
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity.
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

Revenue recognition

Dividends received from a subsidiary, joint venture or associate shall be recognised as dividend revenue in the profit or loss irrespective of whether such dividends may have been paid out of pre-acquisition profits. Previously, such dividends were treated as a return of capital invested. Such dividends may be an indicator of impairment where the carrying amount of the investment exceeds the consolidated net assets relating to that investment or where the dividend exceeds the total comprehensive income of the respective investee in the period the dividend is declared.

NOTES TO THE FINANCIAL STATEMENTS

W. New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- **AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).**

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
 - a. the objective of the entity's business model for managing the financial assets; and
 - b. the characteristics of the contractual cash flows.

- **AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).**

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

- **AASB 2009–10: Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).**

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

- **AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).**

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. These amendments are not expected to impact the Group.

- **AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).**

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

- **AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).**

This interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The interpretation deals with situations where either partial or full settlement of the liability has occurred. This interpretation is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated	
	2010 \$	2009 \$
NOTE 4: REVENUE		
From continuing operations		
Interest income	98,952	36,562
	98,952	36,562

NOTE 5: PROFIT/(LOSS) FOR THE YEAR

The following expense items are relevant in explaining the financial performance for the year:

Loss before income tax includes the following specific expenses:

Cost of sales	-	-
Employee costs	468,692	289,036
Foreign currency losses	196,391	18,358
Bad and doubtful debts: trade receivables	-	-
Due diligence expenses	1,173,098	-
Facilitation fees	-	-
Depreciation expense	2,362	1,221
Amortisation expense	-	-
Impairment of mine development asset	1,679,180	58,059
Total general expenses	3,519,723	366,674

	Consolidated	
	2010 \$	2009 \$
NOTE 6: INCOME TAX		
Loss from continuing operations before income tax benefit	(4,743,997)	(1,160,004)
Tax at the Australian tax rate of 30%	(1,423,199)	(348,001)
Add: Non deductible expenses	564,570	18,357
Less: Items deductible for tax purposes	(202,509)	(38,586)
Income tax benefit attributable to operating activities	(1,061,138)	(368,230)
Tax effect of losses carried forward	(1,061,138)	(368,230)
Income tax expense	-	-
Deferred tax assets		
Deductible temporary differences	-	4,010,378
Unused tax losses (not recognised)	-	(4,010,378)
	-	-

The Company has estimated carried forward tax losses of \$8,948,851 (2009: \$7,887,713) available to be offset against future years taxable income.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: DIVIDENDS

No dividend was paid or declared during the financial year and the Directors do not recommend the payment of a dividend.

	Consolidated	
	2010 \$	2009 \$
NOTE 8: EARNINGS PER SHARE		
Basic earnings per share – cents	(7.67)	(22.24)
Diluted earnings per share – cents	(7.67)	(22.24)
Earnings used in the calculation of basic and dilutive EPS		
Earnings from continued operations	(4,743,997)	(1,160,004)
Earnings from discontinued operations	(3,659,898)	(10,141,070)
Total earnings	(8,403,895)	(11,301,074)
Weighted average number of ordinary shares outstanding during the period used in calculation of basic and dilutive EPS.	109,555,680	50,794,034

There are 25,866,667 options outstanding at 30 June 2010 which are not considered potential ordinary shares and are therefore not dilutive.

	Consolidated	
	2010 \$	2009 \$
NOTE 9: CASH AND CASH EQUIVALENTS		
Cash and cash equivalents comprise:		
Cash and cash equivalents as shown in the Balance Sheet and the Cash Flows Statement	8,276,326	242,967

Cash at bank earns interest at floating interest rates based on daily bank interest rates. Deposits at call are made for varying periods from one month to three months, depending on the immediate cash requirements of the Company, and earn interest at an average interest rate of 5.75%.

	Consolidated	
	2010 \$	2009 \$
NOTE 10: TRADE AND OTHER RECEIVABLES		
Trade debtors	-	142,293
GST receivable	145,544	30,772
Advance to Director	251,041	-
	396,585	173,065

There were no trade debtors at the end of financial year due to the disposal of C&R Holdings of Eastern Kentucky LLC and the ceasing of all coal operations in the US. The GST receivable amount is the GST paid for the June 2010 quarter on an accruals basis.

Mr Hamish Bohannon was advanced \$251,041 during the 2010 year for expenditure that has been or will be incurred in his role as Managing Director on behalf of Bathurst. This advance to Mr Bohannon will be expensed in the 2011 financial year upon provision of suitable supporting documentation. The advance to Mr Bohannon is interest free and unsecured.

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated	
	2010 \$	2009 \$
NOTE 11: OTHER ASSETS		
Prepayments	145,129	68,887
NOTE 12: OTHER FINANCIAL ASSETS		
Rental bond	15,065	-
Bonds	-	1,004,850

The balance in 2009 related to the wholly owned subsidiary of the Group "C&R Holdings of Eastern Kentucky LLC". As a result of the reversal of the acquisition of C&R Holdings of Eastern Kentucky LLC on 9 November 2009 (Note 14), there is no balance on these accounts as at 30 June 2010.

	Consolidated	
	2010 \$	2009 \$
NOTE 13: PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment		
Cost	38,598	6,579,998
Accumulated depreciation	(3,583)	(903,509)
	35,015	5,676,489

a) Reconciliations of the carrying amounts of plant and equipment

Balance at 30 June 2008

Additions	4,660
Additions through acquisition of entity	5,335,230
Depreciation expense	(733,337)
Foreign exchange movements	1,069,936

Balance at 30 June 2009 **5,676,489**

Additions	33,938
Reversal of C&R acquisition	(4,985,585)
Depreciation expense	(2,362)
Foreign exchange movements	(687,465)

Balance at 30 June 2010 **35,015**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14: CONTROLLED ENTITIES

Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)	
		2010	2009
Subsidiaries of Bathurst Resources Limited:			
Bathurst Resources USA, LLC	USA	100%	100%
C&R Holdings of Eastern Kentucky, LLC	USA	-	100%
Advance Energy II, LLC	USA	-	100%

Discontinued Operations

a) Description

On 9 November, Bathurst Resources Ltd announced that it had agreed with C&R Holdings of Kentucky LLC (C&R) and the original vendors to effectively reverse the acquisition of C&R. The agreement included the significant terms below.

- The Company will transfer the ownership of C&R back to the original vendors as at 9 November 2009;
- The original vendors will transfer the 58,900,001 shares they hold in the Company back to the Company as at 9 November 2009. The Company has cancelled these shares issued as consideration for the original purchase, and related matters on 3 December 2009; and
- Bathurst will retain the Feds Creek Project in Pike County and all related permits.

b) Financial performance and cash flow information

As detailed in Note 1, even though the effective reversal of C&R Holdings of Eastern Kentucky LLC was done on 9 November 2009, the financial performance and cash flow information presented are for the three months ended 30 September 2009 (2009 column) and the year ended 30 June 2009. The combined results of the discontinued operations which have been included in the Income Statement are as set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

	Consolidated Group	
	30 Sep 09 \$	2009 \$
Revenue	3,076,332	20,461,416
Cost of sales	(3,014,432)	(17,817,490)
Amortisation & depreciation	-	(3,847,703)
Administration costs	(196,295)	(3,696,462)
Employee costs	(838,559)	(3,394,787)
Impairment losses	-	(1,846,044)
Profit before income tax	(972,954)	(10,141,070)
Income tax expense	-	-
Loss attributable to member of the parent entity	(972,954)	(10,141,070)
Income tax expense	-	-
Loss on sale of the asset after income tax	(2,686,944)	-
Total loss after tax attributable to the discontinued operations	(3,659,898)	(10,141,070)
The net cash flows to the discontinued asset which have been incorporated in the Statement of Cash Flows are as follows:		
Net cash outflow from operating activities	(972,953)	(185,629)
Net cash outflow from investing activities	(190,989)	(2,899,034)
Net decrease in cash generated by the discontinuing division	(1,163,942)	(3,084,663)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14: CONTROLLED ENTITIES (continued)

c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 30 September 2009 and 30 June 2009 are:

	30-Sep-09	30-Jun-09
	\$	\$
Cash	220,627	232,400
Trade receivables	149,548	142,291
Other assets	976,987	1,194,795
Property, plant and equipment	4,985,585	5,673,050
Mine development costs and exploration and evaluation expenditure	10,000,305	13,367,928
Total assets	16,333,052	20,610,464
Trade payables	3,394,362	3,361,066
Borrowings	6,186,645	7,453,194
Long-term provisions	344,457	394,252
Intercompany loans	2,535,130	1,898,084
Total liabilities	12,460,594	13,106,596
Net assets	3,872,458	7,503,868

d) Details of the disposal of business unit

	9-Nov-09	30-Jun-09
	\$	\$
Consideration received on cancellation of shares	4,395,065	-
Less:	-	-
Provision for C&R related loans	(3,209,551)	-
Carrying amount of net assets sold	(3,872,458)	-
Loss on sale before income tax	(2,686,944)	-
Income tax expense	-	-
Loss on sale after income tax	(2,686,944)	-

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15: OTHER ASSETS

	Consolidated	
	2010	2009
	\$	\$
Deposit on acquisition of L&M Coal Holdings Ltd	5,762,361	-

The Company has signed an Agreement with L&M Coal Holdings Limited to purchase the Buller Coal Project on 10 June 2010.

Under the terms of the Sale and Purchase Agreement ("Agreement"), Bathurst has agreed to acquire all of the issued shares in L&M Coal Limited ("LMCL") from L&M Coal Holdings Limited. LMCL holds the Buller Coal Project.

In summary the Agreement provides:

- Bathurst will pay an initial deposit of US\$5m (which is only refundable in limited circumstances) and will pay a further US\$35m upon settlement under the agreement. The initial deposit was paid on 17 June 2010;
- Bathurst is required to make two performance payments to L&M of US\$40m each on the first 25,000 tonnes of product coal being shipped from the Buller Coal Project and then on the first one million tonnes of product coal being shipped from the Project;
- L&M is entitled to be issued with 5% of the issued capital of Bathurst (on a fully diluted basis) at the same time as the second performance payment is due. In the event that Bathurst does not or cannot make this share issue, then the royalty payable to L&M (discussed below) is increased from 1.75% up to a maximum of 3.75%;
- the conditions to the Agreement include approval under the New Zealand Overseas Investment Act, approval under section 41 of the New Zealand Crown Minerals Act, Bathurst obtaining any shareholder approvals required in relation to the Agreement, completion of the definitive feasibility study to the reasonable satisfaction of Bathurst, L&M and LMCL obtaining all consents and approvals required in relation to the Agreement. These conditions are to be satisfied by 30 September 2010. In addition, by 31 October 2010, Bathurst must have arranged sufficient finance to pay the balance of the purchase price of US\$35m;
- pending settlement, L&M has agreed to restrictions on the manner in which LMCL conducts its business and to notify Bathurst of certain events which are standard for an agreement of this nature; and
- L&M has provided various warranties to Bathurst which Bathurst considers to be usual for agreements of this nature.

Bathurst has also agreed to enter into a royalty deed with L&M ("Royalty Deed") whereby Bathurst has agreed to pay a long-term royalty to L&M equal to 1.75% of the Gross Sales Revenue. Until the time that Bathurst makes payment of the first performance payment of US\$40m the royalty will be payable at the rate of 10% of Gross Sales Revenue, reducing to 5% of the Gross Sales Revenue until Bathurst makes the payment of the second performance payment of US\$40m and thereafter at the long-term rate of 1.75% of Gross Sales Revenue.

As above, the level of the final royalty may be increased up to 3.75% on a proportional basis in the event that Bathurst does not or cannot issue some or all of the 5% of shares to L&M as set out above. Gross Sales Revenue is defined to be the revenue derived from the sale of product coal from the Buller Coal Project without any deductions on any account.

Bathurst has agreed to secure the performance payments and the royalty to L&M by way of a guarantee and security. The terms of the security will only be maintained for so long as the performance payments are outstanding and thereafter is discharged.

Under a Deed of Variation between the Company and LMCL executed in September 2010 (the "Deed"), the above conditions need to be satisfied by 31 December 2010. Under the Deed, interest will be charged on the US\$35 million at 10% p.a. (calculated daily) from 5 days after 31 October 2010 to Settlement.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16: TRADE AND OTHER PAYABLES

	Consolidated	
	2010	2009
	\$	\$
Trade payables	383,651	2,179,388
Accruals	23,388	1,521,881
Payroll liabilities	51,302	-
Amount due under acquisition of C&R Holdings of Kentucky	-	633,332
	458,341	4,334,601

NOTE 17: ISSUED CAPITAL

	2010		2009	
	Number of Shares	\$	Number of Shares	\$
a) Share capital				
Ordinary shares fully paid	224,924,333	34,397,032	66,335,834	17,610,814
Cost of capital raising	-	(1,438,833)	-	(68,142)
Total contributed equity	224,924,333	32,958,199	66,335,834	17,542,672
b) Movements in ordinary share capital				
Beginning of the financial period			21,000,000	2,751,522
Issued during the period:				
Exercise of options			33,333	8,667
Issue of shares at \$0.32			3,150,000	1,008,000
Issue of shares at \$0.38			500,000	190,000
Issue on acquisition of subsidiary			32,000,001	12,800,000
Issue of shares to facilitator			1,000,000	420,000
Issue of shares at \$0.05			8,652,500	432,625
Less cost of capital raising			-	(68,142)
End of the financial period			66,335,834	17,542,672
Beginning of the financial period	66,335,834	17,542,672		
Issued during the period:				
Issue of shares at \$0.05	79,988,500	3,999,425		
Cancellation of shares on reversal of subsidiary	(58,900,001)	(4,395,065)		
Issue of shares at \$0.08	12,500,000	1,000,000		
Issue of shares at \$0.13	125,000,000	16,250,000		
Less cost of capital raising	-	(1,438,833)		
End of the financial period	224,924,333	32,958,199		

NOTES TO THE FINANCIAL STATEMENTS

c) Options

For information relating to share options issued to key management personnel during the financial year, refer to Note 19 Share-Based Payments.

d) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. Given the stage of the Company's development there are no formal targets set for return on capital. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

Ordinary shares participate in dividends and the proceeds on winding up the parent entity in proportion to the number of shares held.

At the Annual General Meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 18: RESERVES

Nature and Purpose of Reserves

1) Options reserve

The options reserve is used to recognise the fair value of options issued but not exercised.

NOTE 19: SHARE-BASED PAYMENTS

Expenses Arising from Share-Based Payment Transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated	
	2010 \$	2009 \$
Shares issued to unrelated parties in consideration for services	-	420,000
Shares issued to related parties in consideration for services	51,425	-
Shares issued to Directors, officers and corporate advisors	50,000	-
Options issued to unrelated parties in consideration for services	266,388	249,660
Options issued to Directors, officers and corporate advisors	-	111,770
Options cancelled on cessation of employment	-	(9,342)
	367,813	772,088

NOTES TO THE FINANCIAL STATEMENTS

NOTE 19: SHARE BASED PAYMENTS (continued)

Movement of options in 2010 – unlisted options

Date Granted	Expiry Date	Exercise Price	Number at Beginning of Year	Issued During Year	Exercised	Forfeited	Number at End of Year
7/11/07	31/12/10	\$0.25	500,000	-	-	-	500,000
13/12/07	31/12/10	\$0.25	4,250,000	-	-	-	4,250,000
9/09/08	1/09/11	\$0.42	2,400,000	-	-	-	2,400,000
12/09/08	1/09/11	\$0.25	1,000,000	-	-	-	1,000,000
22/10/08	31/10/11	\$0.35	250,000	-	-	-	250,000
22/10/08	31/10/11	\$0.42	500,000	-	-	-	500,000
22/10/08	31/10/12	\$0.42	500,000	-	-	-	500,000
22/10/08	31/10/13	\$0.42	500,000	-	-	-	500,000
23/07/09	30/06/12	\$0.10	-	4,000,000	-	-	4,000,000
16/06/10	16/06/13	\$0.16	-	5,000,000	-	-	5,000,000
			9,900,000	9,000,000	-	-	18,900,000

Movement of options in 2009 – unlisted options

Date Granted	Expiry Date	Exercise Price	Number at Beginning of Year	Issued During Year	Exercised	Forfeited	Number at End of Year
7/11/07	31/12/10	\$0.25	500,000	-	-	-	500,000
13/12/07	31/12/10	\$0.25	4,250,000	-	-	-	4,250,000
9/09/08	1/09/11	\$0.42	-	2,400,000	-	-	2,400,000
12/09/08	1/09/11	\$0.25	-	1,000,000	-	-	1,000,000
22/10/08	31/10/11	\$0.35	-	250,000	-	-	250,000
22/10/08	31/10/11	\$0.42	-	900,000	-	(400,000)	500,000
22/10/08	31/10/12	\$0.42	-	900,000	-	(400,000)	500,000
22/10/08	31/10/13	\$0.42	-	900,000	-	(400,000)	500,000
			4,750,000	6,350,000	-	(1,200,000)	9,900,000

NOTES TO THE FINANCIAL STATEMENTS

Movement of options in 2010 – listed options

Date Granted	Expiry Date	Exercise Price	Number at Beginning of Year	Issued During Year	Exercised	Forfeited	Number at End of Year
2/04/08	31/12/10	0.25	5,373,902	-	-	-	5,373,902
15/04/08	31/12/10	0.25	1,592,765	-	-	-	1,592,765
			6,966,667	-	-	-	6,966,667

Movement of options in 2009 – listed options

Date Granted	Expiry Date	Exercise Price	Number at Beginning of Year	Issued During Year	Exercised	Forfeited	Number at End of Year
2/04/08	31/12/10	\$0.25	5,407,235	-	33,333	-	5,373,902
15/04/08	31/12/10	\$0.25	1,592,765	-	-	-	1,592,765
			7,000,000	-	33,333	-	6,966,667

Details of unlisted options granted in 2010

2010 Granted	Terms & Conditions for each Grant							Vested	
	No. Granted	Grant Date	Fair Value at Grant Date	Exercise Price per Option	Expiry Date	First Exercise Date	Last Exercise Date	No.	%
Directors									
Cappig Finance Pty Ltd	4,000,000	22/07/09	\$0.058	\$0.10	30/06/12	22/07/09	30/06/12	4,000,000	100
Helmsec Global Capital Ltd or Nominees	5,000,000	16/06/10	\$0.04	\$0.155	16/06/13	16/06/10	16/06/13	5,000,000	100

Fair value of options granted

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The table below summarises the model inputs for options granted during the period:

Model Inputs	Cappig Finance Options	Helmsec Options
1. Options granted for no consideration:	4,000,000	5,000,000
2. Exercise price (cents):	\$0.100	\$0.155
3. Weighted average exercise price (cents):	1.55	3.00
4. Valuation date:	22-Jul-09	16-Jun-10
5. Expiry date:	30-Jun-12	16-Jun-13
6. Vesting date:	22-Jul-09	16-Jun-10
7. Underlying security spot price at grant date (cents):	\$0.058	\$0.04
8. Expected price volatility of the Company's shares:	100%	40%
9. Expected dividend yield:	0%	0%
10. Risk-free interest rate:	4.50%	4.46%
11. Weighted average life (years):	0.45	0.58

NOTES TO THE FINANCIAL STATEMENTS

NOTE 19: SHARE BASED PAYMENTS (continued)

Details of unlisted options granted in 2009

2009 Granted		Terms & Conditions for each Grant						Vested	
	No. Granted	Grant Date	Fair Value at Grant Date	Exercise Price per Option	Expiry Date	First Exercise Date	Last Exercise Date	No.	%
Directors									
H. Bohannan	800,000	9/09/08	\$0.1578	\$0.42	1/09/11	9/09/09 ⁽¹⁾	1/09/11	-	-
H. Bohannan	800,000	9/09/08	\$0.1578	\$0.42	1/09/11	9/09/09 ⁽²⁾	1/09/11	-	-
H. Bohannan	800,000	9/09/08	\$0.1578	\$0.42	1/09/11	9/09/09 ⁽³⁾	1/09/11	-	-
Key Management Personnel									
J. Ward	250,000	22/10/08	\$0.0774	\$0.35	31/10/11	31/10/09	31/10/11	-	-
G. Cooper/A. Yurisich	900,000	22/10/08	\$0.0615	\$0.42	31/10/11	31/10/09 ⁽¹⁾	31/10/11	-	-
G. Cooper/A. Yurisich	900,000	22/10/08	\$0.0778	\$0.42	31/10/12	31/10/10 ⁽²⁾	31/10/12	-	-
G. Cooper/A. Yurisich	900,000	22/10/08	\$0.0915	\$0.42	31/10/13	31/10/11 ⁽³⁾	31/10/13	-	-

⁽¹⁾ Options have a price hurdle of \$0.60

⁽²⁾ Options have a price hurdle of \$0.80

⁽³⁾ Options have a price hurdle of \$1.00

Fair value of options granted

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The table below summarises the model inputs for options granted during the period:

Model Inputs	Managing Director Options	Facilitator Options	Incentive Options	Incentive Options	Incentive Options	Company Secretary Options
1. Options granted for no consideration:	2,400,000	1,000,000	900,000	900,000	900,000	250,000
2. Exercise price (cents):	42	25	42	42	42	35
3. Weighted average exercise price (cents):	5.98	1.48	1.25	1.25	1.25	0.52
4. Valuation date:	09-Sep-08	12-Sep-08	22-Oct-08	22-Oct-08	22-Oct-08	22-Oct-08
5. Expiry date:	01-Sep-11	01-Sep-11	31-Oct-11	31-Oct-12	31-Oct-13	31-Oct-11
6. Vesting date:	09-Sep-09	12-Sep-09	31-Oct-09	31-Oct-10	31-Oct-11	31-Oct-09
7. Underlying security spot price at grant date (cents):	0.42	0.42	0.2	0.2	0.2	0.2
8. Expected price volatility of the Company's shares:	75%	75%	75%	75%	75%	75%
9. Expected dividend yield:	0%	0%	0%	0%	0%	0%
10. Risk-free interest rate:	7.25%	7.00%	6.00%	6.00%	6.00%	6.00%
11. Weighted average life (years):	0.42	1.76	0.90	1.19	1.49	0.45

The expected price volatility is based on the historic volatility of the Company and an average of comparable companies.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 20: RELATED PARTY TRANSACTIONS

Transactions with Related Parties

GDACorporate Pty Ltd, a company of which Mr Graham Anderson is the Director was paid CFO services and company secretarial fees during the period.

Tectonic Resources Ltd, a company of which Mr Hamish Bohannan is the Chairman and Director was paid rent services during the period.

A summary of the total fees paid or payable to GDACorporate Pty Ltd and Tectonic Resources Ltd during the period is as follows:

	Consolidated	
	2010	2009
	\$	\$
Rent and CFO Services	74,220	82,500
Company secretarial fees	46,750	121,120
Corporate advisory - fees	-	10,000
Brokerage	-	3,414
Advance to Director	251,041	-
Total	372,011	217,034

The total amount of fees due to GDACorporate Pty Ltd and Tectonic Resources Ltd as at 30 June 2010 was nil (2009: Nil).

Putsborough Holdings Pty Ltd, a company of which Mr Hamish Bohannan has a beneficial interest, was paid consulting and Directors' fees of \$270,000(2009: 306,850). The total amount of fees due to Putsborough Holdings at 30 June 2010 was \$49,500 (2009: \$93,723).

Mr Hamish Bohannan was advanced \$251,041 during the 2010 year for expenditure that has been or will be incurred in his role as Managing Director on behalf of Bathurst. This advance to Mr Bohannan will be expensed in the 2011 financial year upon provision of suitable supporting documentation. The advance to Mr Bohannan is interest free and unsecured.

Transactions with other related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 21: KEY MANAGEMENT PERSONNEL

Share holdings of key management personnel

The number of ordinary shares of Bathurst Resources Limited held, directly, indirectly or beneficially, by each Director, including their personally-related entities as at balance date is as follows:

Directors	Held at Beginning of Year	Movement During Period	Options Exercised	Held at 30 June 2010
Directors				
H. Bohannan	545,000	5,100,000	-	5,645,000
Craig Munro	-	200,000	-	200,000
Gerald Cooper	-	200,000	-	200,000
Rob Lord	-	-	-	-
B. Shelton*	10,666,667	(10,666,667)	-	-
Total	11,211,667	(5,166,667)	-	6,045,000

*Resigned as Director

Directors	Held at Beginning of Year	Movement During Period	Options Exercised	Held at 30 June 2009
Directors				
C. Griffith	-	-	-	-
H. Bohannan	-	545,000	-	545,000
B. Shelton	-	10,666,667	-	10,666,667
Total	-	11,211,667	-	11,211,667

Option holdings of key management personnel

The number of unlisted options of Bathurst Resources Limited held, directly, indirectly or beneficially, by each Director, including their personally-related entities as at balance date is as follows:

Directors	Held at Beginning of Year	Movement During Period	Options Exercised	Held at 30 June 2010
Directors				
H. Bohannan	2,400,000	-	-	2,400,000
Gerald Cooper	1,500,000	-	-	1,500,000
Craig Munro	-	-	-	-
Rob Lord	-	-	-	-
Total	3,900,000	-	-	3,900,000

Directors	Held at Beginning of Year	Movement During Period	Options Exercised	Held at 30 June 2009
Directors				
H. Bohannan	-	2,400,000	-	2,400,000
Frank Ashe*	500,000	-	-	500,000
Richard Monti*	500,000	-	-	500,000
John Hannaford*	500,000	-	-	500,000
Charles Griffith*	-	-	-	-
Total	1,500,000	2,400,000	-	3,900,000

*Resigned as Director

NOTES TO THE FINANCIAL STATEMENTS

NOTE 22: CASH FLOW INFORMATION

	Consolidated	
	2010 \$	2009 \$
Reconciliation of cash flow from operations with loss after income tax		
Loss for the year	(8,403,895)	(11,301,074)
Less – non cash items:		
Adjustments to prior periods	-	(17,974)
Share-based payments	367,813	102,428
Facilitation fees	-	669,660
FX gain/(loss)	196,391	20,786
Due diligence expense	-	110,287
Impairment loss	1,679,180	1,904,103
Depreciation	2,362	3,848,919
<i>Changes in assets and liabilities</i>		
Movement in trade creditors and accruals	1,740,953	3,474,338
Movement in other debtors	(223,520)	(155,825)
Movement in prepayments	(76,242)	(68,887)
Movement in provisions	(394,252)	394,252
Movement in deferred tax balances	-	-
Cash flows used in operations	(5,111,210)	(1,018,987)

NOTE 23: MINE DEVELOPMENT COSTS & EXPLORATION EXPENDITURE

	Consolidated	
	2010 \$	2009 \$
Mine development costs	-	4,286,011
Exploration and evaluation expenditure	-	9,081,917

The balance in 2009 related to the wholly owned subsidiary of the Group "C&R Holdings of Eastern Kentucky LLC". As a result of the reversal of the acquisition of C&R Holdings of Eastern Kentucky LLC on 9 November 2009 (Note 14), there is no balance on these accounts as at 30 June 2010.

NOTE 24: BORROWINGS

	Consolidated	
	2010 \$	2009 \$
Current borrowings	-	2,868,715
Non current borrowings	-	5,173,705

The balance in 2009 related to the wholly owned subsidiary of the Group "C&R Holdings of Eastern Kentucky LLC". As a result of the reversal of the acquisition of C&R Holdings of Eastern Kentucky LLC on 9 November 2009 (Note 14), there is no balance on these accounts as at 30 June 2010.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 25: LONG-TERM PROVISIONS

	Consolidated	
	2010	2009
	\$	\$
Long-term provisions	-	394,252

The balance in 2009 related to the wholly owned subsidiary of the Group "C&R Holdings of Eastern Kentucky LLC". As a result of the reversal of the acquisition of C&R Holdings of Eastern Kentucky LLC on 9 November 2009 (Note 14), there is no balance on these accounts as at 30 June 2010.

NOTE 26: FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The level of financial risks and operations has changed significantly during the year for the Group. The reversal of C&R Holdings of Eastern Kentucky LLC in November 2009 had meant that the Group relinquished its coal mining operations in the US.

As a result this has effectively alleviated the Group from exposure to a variety of financial risks that was prevalent in the 2009 financial year. These had included exposure to foreign exchange risk in relation to the US dollar, interest rate risk and coal price risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, coal price and foreign exchange risk, and ageing analysis for credit risk. No sensitivity analysis had been prepared as at the date of the report the Group has minimal exposure to those risks.

Risk management is carried out by the Executive Directors under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as mitigating coal price risk, foreign exchange risk, interest rate risk and credit risk. The Group does not enter into or trade derivative financial instruments for speculative purposes.

The Group's principal financial instruments comprises currently comprises cash and short-term deposits. The main purpose of these financial instruments is to provide finance for the Group's operations.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, liability and equity instrument are disclosed in Note 3.

The magnitude of each type of financial risk that has arisen over the year is discussed below.

(b) Credit risk

Credit risk is the risk of financial loss to the Group and Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and bank balances. Credit risk related to balances with banks is managed by the FRMC in accordance with approved Board policy.

The Group at balance date does not have any commercial receivables except for GST due back from its quarterly Australia Taxation Office compliance lodgement.

There is some exposure to the credit risk involved with the interest rates attached to short-term deposits held by the Group. However no sensitivity analysis has been prepared for this as the Group is not dependent on the interest rate as income.

NOTES TO THE FINANCIAL STATEMENTS

(c) Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and liquid assets and the availability of funding through an adequate amount of credit facilities. Due to the dynamic nature of the underlying business, the Group aims to maintain flexibility in funding by keeping credit lines available.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and maturity profiles of financial assets and liabilities.

(d) Capital management

The capital structure of the Group comprises cash and cash equivalents and equity attributable to equity holders of the parent, such equity comprising issued capital, reserves and retained earnings as disclosed in the Balance Sheet. The Directors aim to develop and maintain a strong capital base so as to sustain the future development of the business.

The Board of Directors encourages the employees of the Group to hold the Company's ordinary shares. There were no changes in the Group's approach to capital management during the year, other than to adopt a more conservative approach to gearing following the deterioration of financial markets.

NOTE 27: AUDITORS' REMUNERATION

	Consolidated	
	2010	2009
	\$	\$
Remuneration of the auditor of the parent entity for auditing or reviewing the financial report	83,886	46,750
Remuneration of other auditors of subsidiaries for:		
- auditing or reviewing the financial report of subsidiaries	58,445	30,302
- review of acquisition of C&R Holdings of Kentucky	-	37,919
	142,331	114,971

NOTE 28: COMMITMENT TO EXPENDITURE

Non cancellable operating leases contracted for but not capitalised in the financial statements

Payables – minimum lease payments

	Consolidated
	2010
	\$
Not later than 12 months	37,950
Between 12 months and 5 years	31,625
Greater than 5 years	-
	69,575

The property lease is a non-cancellable lease with a two-year term, with rent payable monthly in advance.

Contingent rental provisions within the lease agreement require that minimum lease payments shall be increased by the lower of CPI or 4% at annual review date.

An option exists to renew the lease at the end of the two-year term for an additional three-year term.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 29: PARENT ENTITY DISCLOSURE

	Parent	
	2010 \$	2009 \$
Summary of financial information		
(a) Balance sheet		
Current assets	8,832,877	8,080,657
Total assets	14,630,252	8,812,096
Current liabilities	457,641	1,565,002
Total liabilities	457,641	1,565,002
Net assets	14,172,611	7,247,094
<i>Equity</i>		
Contributed equity	32,958,199	17,542,672
Reserves	1,178,871	881,558
Retain profits/(accumulate losses)	(19,964,459)	(11,177,136)
Total shareholder equity	14,172,611	7,247,094
Profit/(loss) for the year	(4,666,547)	(10,917,174)
Total comprehensive income/(loss)	(4,666,547)	(10,917,174)
(b) Contingent liabilities		
No contingent liabilities exist at reporting date		
(c) Contractual commitments		
No later than one year	37,950	-
Later than one year and not later than five years	31,625	-
Later than five years	-	-
	69,575	-

NOTE 30: IMPAIRMENT LOSSES

The total impairment loss recognised in the Statement of Comprehensive Income during the year amounted to \$1,679,180 and is separately presented in the Statement of Comprehensive Income as 'impairment losses'.

As part of the disposal of C&R Holdings of Eastern Kentucky LLC during the year, the Company had retained the mining tenement in Feds Creek. This tenement had a carrying value of \$1,679,180 at that date of disposal. However the Board has decided to effectively retreat from all coal operations in the United States of America and is now focusing on establishing its coal operations in New Zealand.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 31: SUBSEQUENT EVENTS

Buller Project

Subsequent to the initial deposit of USD \$5 million paid on 17 June 2010, the Company will need to pay a further USD \$35 million upon settlement under the terms of the Sale and Purchase Agreement ("Agreement") to acquire all of the issued shares in L&M Coal Limited ("LMCL") from L&M Coal Holdings Limited.

In summary the Agreement provides:

- the conditions to the Agreement include
 - approval under the New Zealand Overseas Investment Act,
 - approval under section 41 of the New Zealand Crown Minerals Act,
 - Bathurst obtaining any shareholder approvals required in relation to the Agreement,
 - completion of the definitive feasibility study;
 - L&M and LMCL obtaining all consents and approvals required in relation to the Agreement; and
 - Bathurst to pay US\$35 million ("Settlement").

Under a Deed of Variation between the Company and LMCL executed in September (the "Deed"), the above conditions need to be satisfied by 31 December 2010. Under the Deed, interest will be charged on the US\$35 million at 10% p.a. (calculated daily) from 5 days after 31 October 2010 to Settlement.

As part of the Interim Arrangement letter, Bathurst will be reimbursing L&M Coal Holdings Ltd on a month to month basis for costs incurred in performing work on the Buller Project until settlement. For the months of August and September 2010, \$200,214 has been reimbursed.

Since 30 June 2010, the Company has raised \$666,890 through the issue of 2,643,559 shares due to the exercise of unlisted and listed options at \$0.25 each.

NOTE 32: CONTINGENCIES COMMITMENTS

Contingent Assets & Liabilities

- a) The Company has signed a Deed of Guarantee ("the Guarantee") with the L&M Coal Limited ("the Permit-holder") and the Government of New Zealand in relation to the purchase of the Buller Project. The Guarantee states that Bathurst will be the ultimate parent company of the Permit-holder and will guarantee all obligations of the Permit-holder pursuant to the Permit.

The Guarantee takes effect from the date of settlement of the sale and purchase of shares in the Permit-holder from L&M Coal Holdings Limited to Bathurst.

- b) There were no material contingent assets as at 30 June 2010.

NOTE 33: COMPANY DETAILS

The registered office of the Company is:

Bathurst Resources Ltd
Suite 5, 1327 Hay Street
West Perth, 6005
Western Australia

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 17 to 54, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001;
 - b. subject to the effect of Note 1 give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the consolidated entity;
 - c. the financial statements comply with International Financial Reporting Standards as set out in Note 1; and
 - d. the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, The *Corporations Act 2001* and the Corporations Regulations 2001.
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Craig Munro
Chairman

Dated this 30th day of September 2010

On behalf of the Board

INDEPENDENT AUDIT REPORT



INDEPENDENT AUDIT REPORT TO MEMBERS OF BATHURST RESOURCES LIMITED

We have audited the accompanying financial report of Bathurst Resources Limited, which comprises the consolidated balance sheet as at 30 June 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. Because of the matter discussed in the Basis for Disclaimer of Auditor's Opinion paragraph below, we were not able to complete an audit in accordance with Auditing Standards.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Basis for Disclaimer of Opinion

As detailed in Note 1 to the financial statements, management of Bathurst Resources Ltd do not have access to all of the financial information of C&R Holdings of Eastern Kentucky LLC required to prepare the 30 June 2010 financial statements, and as a result, we were unable to obtain sufficient appropriate evidence for the transactions incurred during that period and the carrying value of the net assets disposed on 9 November 2009. Consequently, we are unable to determine the completeness of the amounts reflected on the consolidated statement of comprehensive income and consolidated statement of cash flows and the carrying values of assets and liabilities in the consolidated of financial position.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we not express an opinion on the financial statements.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 10 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Disclaimer of Opinion

In our opinion, the Remuneration Report of Bathurst Resources Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

WHK HORWATH PERTH AUDIT PARTNERSHIP

SEAN MCGURK
Partner

Perth, WA

Dated this 30th day of September 2010

Total Financial Solutions



Horwath refers to Horwath International Association, a Swiss entity.
Each member of the Association is a separate and independent legal entity.

Member Horwath International

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A WHK Group firm

ASX AND ADDITIONAL INFORMATION

The Company was admitted to the official list of ASX on 19 December 2007. Since listing, the Company has used its cash (and assets in a form readily convertible to cash) in a manner consistent with its business objectives. In accordance with the ASX Listing Rules, the Company is required to disclose the following information which was prepared based on share registry information processed up to 24 September 2010.

Ordinary Share Capital

- At 24 September 2010, 227,567,892 fully paid ordinary shares are held by 1003 individual shareholders and 52 overseas holders.
- All issued shares carry one vote per share.

Spread of Holdings	Total Holders	Ordinary Shares
1 - 1,000	57	4,593
1,001 - 5,000	70	241,160
5,001 - 10,000	149	1,258,374
10,001 - 100,000	466	21,343,495
100,001 and over	261	204,720,270
Number of Holders/Shares	1,003	227,567,892
Total Overseas Holders	52	9,250,819

Substantial Shareholders

Ordinary Shareholders	Fully Paid Ordinary Shares	
	Number	Percentage
Nefco Nominees Pty Ltd	39,805,134	17.49%

Nefco Nominees Pty Ltd holds or has control over a total of 39,805,134 shares representing 17.49% of the issued fully paid shares in the Company.

Voting Rights

All ordinary shares carry one vote per share without restriction. Options for ordinary shares do not carry any voting rights.

Statement of Quotation and Restrictions

- Listed on the ASX are a total of 227,567,892 fully paid shares (2009: 87,424,333)
- 4,476,169 options (2009: 6,966,667) are quoted on the ASX.
- 39,246,939 options (2009: 13,900,000) are not quoted on the ASX.

ASX AND ADDITIONAL INFORMATION

Twenty Largest Holders of Equity Securities

Ordinary Shareholders	Fully Paid Ordinary Shares	
	Number	Percentage
Nefco Nominees PL	39,805,134	17.49
HSBC Custody Nominee Australia Ltd	11,030,923	4.85
National Nominees Ltd	10,977,514	4.82
Citicorp Nominees PL	8,637,000	3.80
Bohannon Hamish J L + J	5,645,000	2.48
John Wardman & Associates PL	5,000,000	2.20
Passio PL	5,000,000	2.20
ANZ Nominees Ltd	3,841,759	1.69
JP Morgan Nominees Australia Ltd	3,660,337	1.61
Bond Street Custs Ltd	3,145,300	1.38
ACT2 PL	2,900,000	1.27
Tolcon Nadine Ruth	2,800,000	1.23
Martin John Desmond	2,800,000	1.23
McGee Const PL	2,700,000	1.19
McInerney Terry + Judy	2,500,000	1.10
Stemcor Aust PL	2,124,000	0.93
Kable Michael	2,000,000	0.88
RBC Dexia Investor SVCS A	1,800,000	0.79
Aust Executor TTEES NSW L	1,752,054	0.77
Charanda Nom Co PL	1,650,000	0.73
TOTAL	119,769,021	52.64

Options

Outstanding at 24 September 2010 were 43,723,108 options (2009: 20,866,667) and the balance is represented by:

- 4,476,169 listed options over ordinary shares with an exercise price of \$0.25 each expiring on 31 December 2010.
- 4,596,939 unlisted options over ordinary shares with an exercise price of \$0.25 each expiring on 31 December 2010.
- 1,000,000 unlisted options over ordinary shares with an exercise price of \$0.25 each expiring on 12 September 2011.
- 2,400,000 unlisted options over ordinary shares with an exercise price of \$0.42 each expiring on 1 September 2011.
- 250,000 unlisted options over ordinary shares with an exercise price of \$0.35 each expiring on 31 October 2011.
- 500,000 unlisted options over ordinary shares with an exercise price of \$0.42 each expiring on 31 October 2011.
- 500,000 unlisted options over ordinary shares with an exercise price of \$0.42 each expiring on 31 October 2012.
- 500,000 unlisted options over ordinary shares with an exercise price of \$0.42 each expiring on 31 October 2013.
- 5,000,000 unlisted options over ordinary shares with an exercise price of \$0.155 each expiring on 16 June 2013.
- 9,500,000 unlisted options over ordinary shares with an exercise price of \$0.15 each expiring on 30 September 2013.
- 11,000,000 unlisted options over ordinary shares with an exercise price of \$0.15 each expiring on 30 June 2013.

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