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19 April 2016

Market Announcements
Australian Securities Exchange
Level 4, 20 Bridge Street
Sydney
NSW 2000

PROPOSED ISSUE OF AU$4,250,000 IN AGGREGATE PRINCIPAL AMOUNT OF CONVERTIBLE NOTES

Bathurst is seeking to raise AUD$4.25 million in the form of an unsecured convertible note to refinance its current facilities, enable the evaluation of an impending NZ coal opportunity and to provide additional working capital for development.

Key terms of the issue

Principal – AUD$4.25m

Conversion price – AUD$0.022 per share

Coupon – 8%p.a. (payable semi-annually).

Maturity date – 3 years on anniversary of the issue date.

Underwriters fee – 2.5%

Sources and uses

Sources (NZD '000)		**Uses (NZD '000)**	
Convertible Note (AUD$4.25m)	4,600		
		Secured facilities & deposits	2,571
		Due Diligence process	750
		Development & Other	1,279
TOTAL	4,600	TOTAL	4,600

The primary objective in issuing the note is to repay outstanding facilities with a New Zealand bank and free up the security position of the domestic business. This will also take the maturity of any further debt principal payments for three years and improve the working capital position of the company.

In addition to the repayment of the secured facilities, the convertible note will provide access to funds for any due diligence work surrounding the impending sale process of a major NZ coal producer.

The conversion price is a 69% premium over the closing share price as at 18 Apr 2016.

Shareholder approval requirements

The Company has received a commitment from its major shareholder Republic Investment Management Pte Ltd (**RIM**) to subscribe for not less than AUD$2.25m of the issue and to underwrite the balance of AUD$2m so that, provided the required shareholder approvals are received, the issue will be fully subscribed. RIM will receive a standard underwriting fee for this commitment.

The specific shareholder approvals that will be sought are:

- Under ASX Rule 7.1 to permit the issue of new shares on conversion of the Notes (so as not to use up the company's 15% placement capacity)

- Under the NZ takeovers Code to permit an existing shareholder to acquire the offered securities (and thereby exceed a 20% shareholding on exercise)

Further details of the transaction will be contained in the Notice of Meeting for an EGM where shareholder approval will be sought. This process is estimated to take 4 to 6 weeks to complete.

On behalf of Bathurst Resources Limited.

Richard Tacon
CEO