



AUSTRALIAN BAUXITE LIMITED

ASX: ABX

About Australian Bauxite ASX Code ABX Latest News: www.australianbauxite.com.au

Australian Bauxite Limited (ABx) has started its first bauxite mine in Tasmania and holds the core of the Eastern Australian Bauxite Province. ABx's 37 bauxite tenements in Queensland, New South Wales & Tasmania exceed 5,000 km² and were rigorously selected for (1) good quality bauxite; (2) near infrastructure connected to export ports; & (3) free of socio-environmental constraints. All tenements are 100% owned, unencumbered & free of third-party royalties. ABx's discovery rate is increasing as knowledge, technology & expertise grows.

The Company's bauxite is high quality gibbsite trihydrate (THA) bauxite & can be processed into alumina at low temperature and is perfect for cement manufacture and for fertiliser production.

ABx has declared large Mineral Resources at Inverell & Guyra in northern NSW, Taralga in southern NSW, Binjour in central QLD & in Tasmania confirming that ABx has discovered significant bauxite deposits including some of outstandingly high quality.

In Tasmania, at Bald Hill, the Company's first bauxite mine commenced operations on schedule on 9 December 2014 – the first new Australian bauxite mine for more than 35 years.

ABx aspires to identify large bauxite resources in the Eastern Australian Bauxite Province, which is emerging as a globally significant bauxite province. ABx has created significant bauxite developments in 3 states - Queensland, New South Wales and Tasmania. Its bauxite deposits are favourably located for direct shipping of bauxite to customers.

ABx endorses best practices on agricultural land, strives to leave land and environment better than we find it. We only operate where welcomed.

Directors / Officers

Paul Lennon Chairman

Ian Levy CEO & MD

Ken Boundy Director

Henry Kinstlinger Secretary

Leon Hawker Chief Operating Officer

Paul Glover Logistics & Exploration Manager

Jacob Rebek Chief Geologist

Emerging cement-market opportunities avoid problems in metallurgical bauxite markets

ABx currently sells bauxite into cement and fertiliser markets at prices higher than could be achieved in the over-supplied metallurgical bauxite market.

There have been developments in the metallurgical bauxite market in the last few days which indicate that the metallurgical bauxite market could worsen further due to a glut of new supply during 2017 (see below).

ABx diversification avoids the metallurgical market glut

The clean chemistry of ABx's bauxite allowed ABx to sell cement-grade bauxite which:

1. Consistently increases the late strength of concrete;
2. Is quartz-free & salt-free for corrosion-resistance;
3. Eliminates stoppages & pressure problems in kilns, lowers kiln temperatures & reduces emissions.

Many cement manufacturing plants are converting from coal-fired to gas-fired production which increases demand for cement-grade bauxite to add aluminium oxide and lesser amounts of iron oxide that would normally have been provided by the coal.

Infrastructure construction in USA is increasing demand

North American cement-grade customers are advising that the rate of construction of North America's infrastructure is set to grow rapidly in 2017 which is making cement-makers seek ways to maximise output by eliminating stoppages and by increasing late strength of the cement. ABx's cement-grade bauxite does both.

ABx's recent 5-fold increase in the resource tonnages at its Fingal Rail Project ¹ shows that ABx can enter into long-term contracts with major cement-grade customers, subject to satisfactory contract terms which are currently being negotiated.

TasTech: ABx has increased testwork on the TasTech technology that separates ABx's bauxite into its 3 product-components: metallurgical-grade, cement-grade and fertiliser-grade bauxite. During this research, ABx encountered two additional technologies that can produce pure bauxite and high-value products. Testwork will continue throughout 2017 with the objective to commence production in the 2017/18 Summer period.

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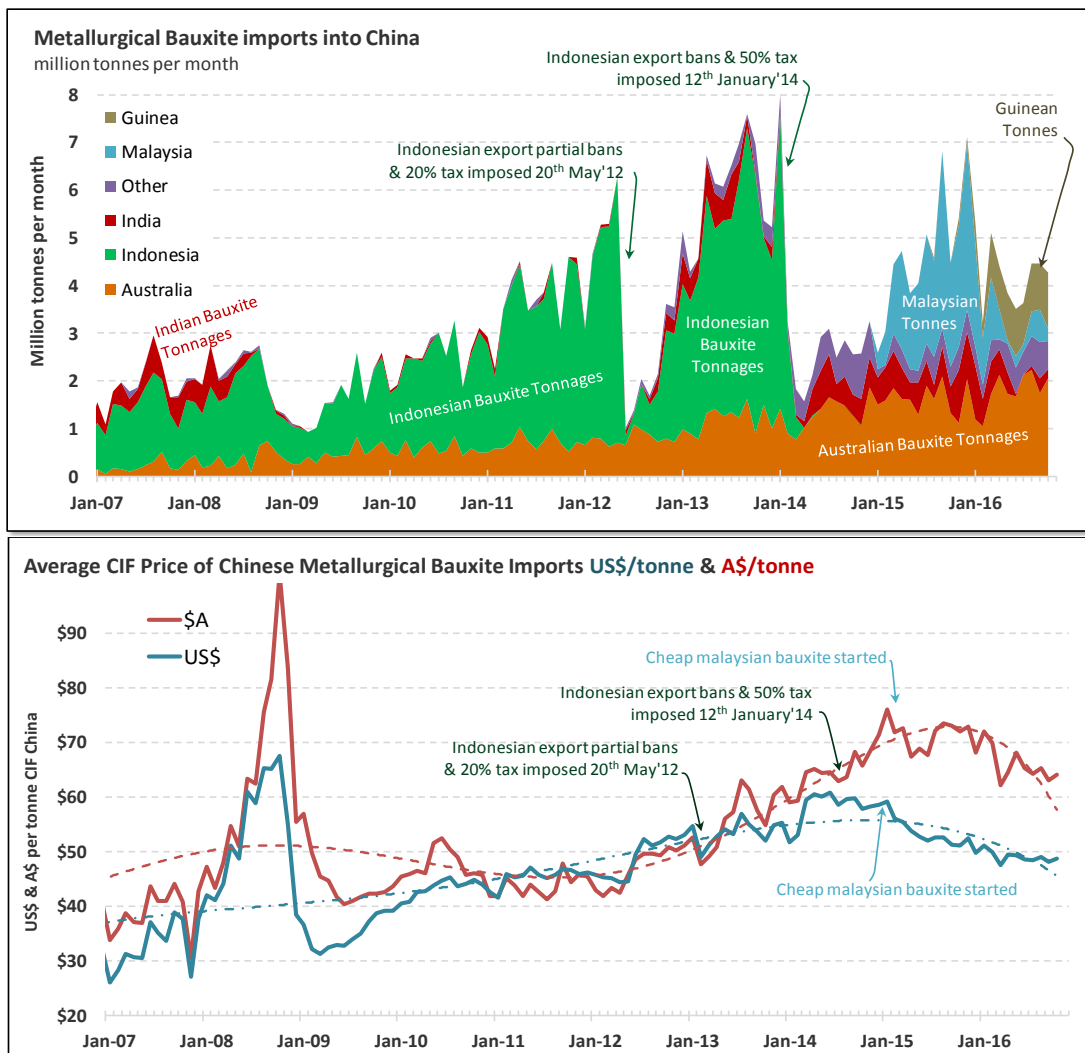
¹ Resource Upgrade for Fingal Rail Project, Tasmania announced on 25/08/2016

Chinese metallurgical bauxite market to November rose off the lows of mid-2016 but new suppliers in 2017 could mean metallurgical market will be grossly oversupplied.

- Imported tonnes down 40% since Dec'15 and prices remain stable at US\$48.74/t.
- Malaysian tonnages down to only 0.26Mt of low-value bauxite averaging US\$37.70/t
- Guinean Bauxite keeps flooding into China: 1.18Mt at a low price of US\$56.93/t CIF price
- Indian Bauxite supply is rebuilding to 0.20Mt as Chinese refineries buy Guinean bauxite instead.

Recent new developments increase potential for a glut of metallurgical bauxite in 2017

- **Alcoa** has been given permission to export 2.5 million tonnes of metallurgical bauxite per annum from its WA operations for the next 5 years
- **Indonesia** is showing signs of relaxing its ban on exports of bauxite.

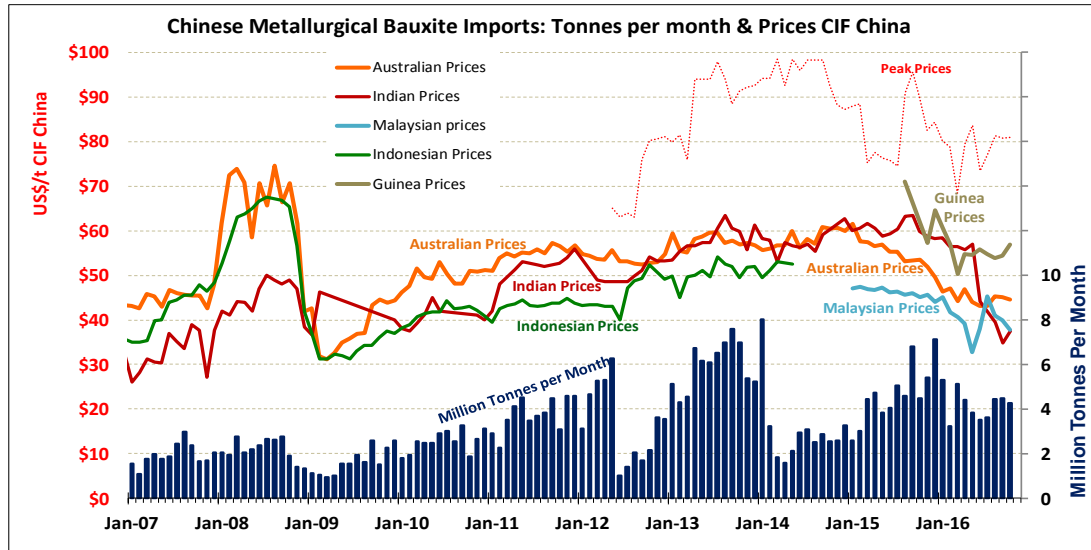


Australian bauxite is dominating at 2.05Mt or 48% of the total, mainly from Rio's Weipa and Gove mines. Australian bauxite prices are falling as Rio buys market share?

Indian bauxite sales into China have begun rising slowly as Indian-type gibbsite-trihydrate bauxite has been replaced by Guinea bauxite whilst it is cheap and shipping costs are low. Prices are low at US\$37.53/t.

Bauxite from Guinea in West Africa floods into China at 1.184Mt in October at US\$56.93/t CIF China.

Malaysian bauxite supply fell 62% to only 261,000 tonnes in October as Malaysian producers struggle to achieve grades above 45% Al₂O₃ by washing its bauxite. The 15% collapse in Malaysian prices to US\$37.70/t CIF China, is unsustainably low, except for cowboy operators.



Commentary on Market Situation

Cheap Malaysian bauxite from unregulated mines, opportunistic dumping of bauxite from Guinea in West Africa and Rio's increased shipments from northern Australia has oversupplied the Chinese metallurgical bauxite market. Prices naturally will remain weak for some time, possibly for 12 to 18 months.

New Threats: If Alcoa injects an additional 2.5 million tonnes each year into the market and Indonesia relaxes its ban on bauxite exports and exports of cheap Indonesian bauxite recommence, it is hard to see any reason why metallurgical bauxite prices will rise in 2017. **Prices for metallurgical bauxite may remain in the doldrums until 2018?**

As the global economy recovers, shipping costs will rise and dumping of bauxite from Guinea will slow down and China will return to being supplied from its reliable suppliers in the Indo-Pacific basin.

ABx Strategy: sell into the best market until China recovers: CEMENT IS GETTING STRONGER

ABx monitors the markets and plans to enter the metallurgical bauxite market when bauxite prices increase to profitable levels, especially when Northern Hemisphere supplies are constrained by wet seasons.

In the meantime, ABx will grow its business by supplying cement-grade bauxite for making high specification cement and supplying fertiliser-grade bauxite for making single superphosphate fertiliser.

ABx is accelerating the development of TasTech technology which allows ABx to separate Tasmanian bauxite into 3 product-types at good tonnages all year round, namely:

1. high grade metallurgical-grade gibbsite bauxite exceeding 45% Al₂O₃ for the aluminium industry
2. cement-grade bauxite for the production of cement
3. fertiliser-grade and other bauxite-types.

ABx's cement-grade bauxite markets are wherever cement kilns have stopped using coal and started using gas as the energy source or are operating at near full capacity and want to increase throughput by using our bauxite in their feed.

Coal ash previously supplied the Al₂O₃ and some of the Fe₂O₃ needed for making Portland cement. ABx can now provide both Al₂O₃ and Fe₂O₃ in a tailor-made single bauxite product which processes superbly through the cement kilns and makes extra-strong, corrosion-resistant cement, stops kiln blockages, reduces fuel consumption and saves wear and tear on the kiln refractory brick linings.

Several North American cement-grade bauxite customers are reporting very bullish outlooks for high-strength cement as a result of the election of Donald Trump as the next US President who has stressed the need for a major rebuilding of the infrastructure in the USA. ABx will be a beneficiary should this promise become reality.

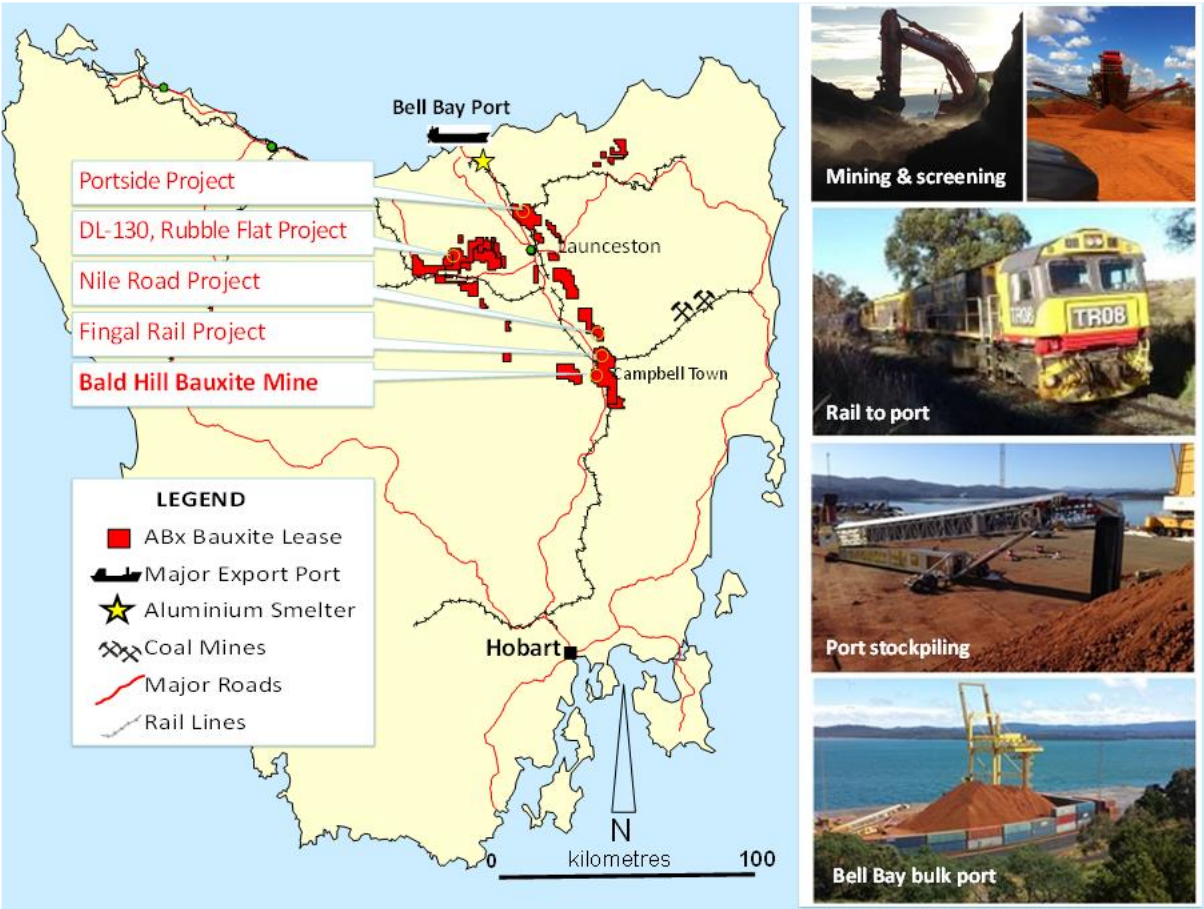


Figure 1: Map showing ABx mines, projects & transport infrastructure in Tasmania.



Figure 2: Bell Bay Port of Launceston can handle ships up to 65,000 tonnes. Loading is managed by QUBE Ports at more than 10,000 tonnes per day, achieving 20,000 tonnes per day during a recent loading



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CEMENT-GRADE BAUXITE SPECIFICATIONS					
Moisture	7.5% to 9.9%				
Powder less than 2.5mm	10% to 25%	of total shipload by weight			
Shipping specification	Group C	non-hazardous, stable. Triple confirmation			
Major Elements					
Al ₂ O ₃	34% to 39%	Al ₂ O ₃ + Fe ₂ O ₃ guaranteed minimum 60%			
Fe ₂ O ₃	23% to 32%	Either Al ₂ O ₃ or Fe ₂ O ₃ guaranteed 30% minimum			
SiO ₂	10% to 20%	to customers' specifications			
TiO ₂	2.8% to 3.1%				
LOI - loss on ignition	17% to 24%				
Minor Elements: all low. No deleterious elements. Low alkalis & SO₃					
CaO	0.02%	P ₂ O ₅	0.04%	MnO	0.03%
MgO	0.07%	V ₂ O ₅	0.06%	SO ₃ gypsum	0.33%
Na ₂ O	0.02%	Cr ₂ O ₃	0.06%	SrO	0.01%
K ₂ O	0.01%	Zn	0.01%	ZrO ₂	0.03%
Other bauxite parameters: Trihydrate Gibbsite Bauxite					
Reactive "Rx" SiO ₂ at 140 deg C	8% to 18%	∴ Quartz content = 1% to 2% typically & clay content = 20% to 40%			
Available "Avl" Al ₂ O ₃ at 140 deg C	~25% to 34%	∴ Gibbsite content = 38% to 50% typically			
Contains no radioactive or fibrous components.					
Clean handling, ideal for transport on land or sea. See https://www.youtube.com/watch?v=tqSNioU9gEc .					
High angle of repose (35 to 45 degrees) in stockpiles					
Bulk density in stockpile	1.35 to 1.40	tonnes per broken cubic metre			
Cement typical parameters					
Sodium Equivalence	0.03% to 0.04%				
Alumina Ratio "AM"	1.15 to 1.45				
Silica Ratio "SM"	0.16 to 0.33	to customers' specifications			
C ₃ A (tricalcium aluminate)	38% to 52%				
C ₄ AF (tetracalcium aluminoferrite)	69% to 88%				
Particle size distribution "PSD"					
Size	PSD Wt%				
+100mm	5% max				
25-100mm	15% to 25%				
10-25mm	25% to 35%				
2.36-10mm	25% to 35%				
0-2.36mm	10% to 25%				
TOTAL	100.0%				
					
					
					

Figure 3: ABx's Cement Grade Specifications – tailored to suit each customer's preferences

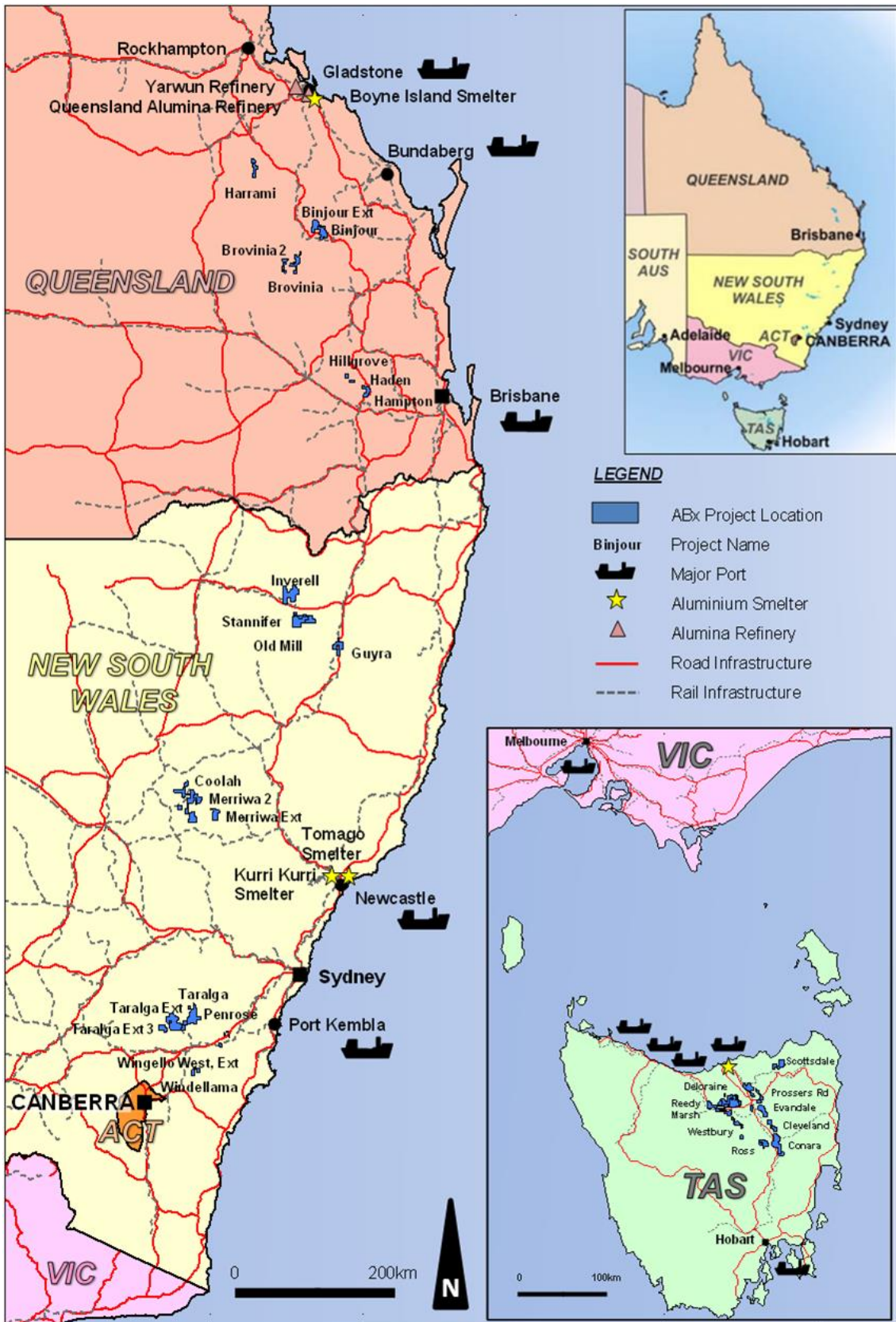


Figure 4: ABx's Project Tenements & Infrastructure in Tasmania, NSW & QLD, Eastern Australia