



AUSTRALIAN BAUXITE LIMITED

ASX: ABX

**About Australian Bauxite Limited
ASX Code ABX**

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 - the type in short-supply globally.

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 both local and export 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 |

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|-------------------|-------------------------|
| Leon Hawker | Chief Operating Officer |
| Rob Williams | General Manager |
| Jacob Rebek | Chief Geologist |
| Henry Kinstlinger | Secretary |

ASX Symbol: ABX

Latest News: www.australianbauxite.com.au

Chairman's Review 2015 & Recent Developments

We achieved our business plan to commence the company's first mine at the Bald Hill Bauxite Project near Campbell Town, northern Tasmania on 9 December 2014 and the mine was constructed in 5 hectic weeks during December and January. At that time, we planned to commence deliveries to customers by mid-2015 and monthly thereafter. Adverse weather and market volatility frustrated this plan.

The winter of 2015 was exceptionally damp with little or no net evaporation. Our ore was much wetter than in July 2013 when we did the major bulk mining and screening testwork. The damp ore could not dry out sufficiently to achieve budget yields of saleable grade bauxite. After considerable research and development, our operations team was able to devise a process to achieve marketable grades but at higher costs and lower yields than planned during April to October 2015. This was a period of considerable frustration.

As soon as drying conditions returned to the Bald Hill Bauxite Project in late October, production increased significantly and the grade of product improved markedly. By early December 2015, ABx had increased its maiden cargo to more than 40,000 tonnes of good quality bauxite at Bell Bay Port - achieving higher alumina grades than originally intended for this project to suit the prevailing bauxite market at that time.

The market for seaborne bauxite had remained strong throughout most of 2015 and in November 2015, our marketing partner, RawMin advised us to begin arranging our maiden shipment to China in early December. This sale did not proceed and in fact, no bauxite sales from any new

independent suppliers of bauxite has happened worldwide since early December 2015 and the metallurgical bauxite market has remained closed to new entrants, largely because of the slowing growth in Chinese industrial production.

The company has adjusted to these tough times by (1) finding new markets for its bauxite and (2) undertaking research and innovation, both of which are bearing fruit.

SALES

Tasmanian bauxite sales began with small sales to both the fertiliser and cement industries. From this low base, sales are growing and the company can establish solid earnings by the second half of 2016. As announced, the maiden shipment of 5,557 tonnes of bauxite for a cement customer occurred on 28 April 2015.

Second & Third Shipments

I am pleased to confirm today's announcement that the second shipment of cement-grade bauxite has been confirmed by our first cement customer, thus demonstrating the successful performance of our bauxite.

Furthermore, we have been advised by a major Middle East company that testing of a bulk sample has confirmed that our bauxite meets that customer's strict specifications and the next stage of negotiations for a very large tonnage sale into the Middle East have begun.

TASTECH R&D

Research and Development by ABx has discovered an all-weather technology dubbed "TasTech" that can produce three bauxite product types for the 3 main markets 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 bauxite.

EXPLORATION

In mid-2015, our exploration team tested a newly discovered extension to the high grade, thick bauxite in the Binjour district in QLD and the results exceeded expectations. In the medium-term, the Binjour bauxite province is likely to become ABx's largest project. ABx considers it to be the best undeveloped opportunity for significant production of silica-free, gibbsite trihydrate bauxite in the Pacific Basin.

SAFETY

ABx has made the transition from explorer to producer with a zero-incident record and no breaches of the industry-standard safety procedures that had been established at the mine from the outset.

ENVIRONMENT

ABx preserves the soil from at the Bald Hill Bauxite Project ready for reinstatement after mining and also eradicates weed infestations in accordance with ABx's policy of best practice on agricultural land. Pit areas that have been mined-out are being reinstated and sheep grazing has recommenced in the area.



COMMUNITY

We are thankful for the support of our local communities. We have honoured our policy to only operate where we are welcomed and the growing community acceptance is heartening.

We now must overcome market challenges so as to deliver for all stakeholders. Sales negotiations are critical our marketing team are confident of successful outcomes from current negotiations.

On behalf of the Board of Directors, I thank the ABx staff and supportive shareholders for the hard-won progress and development achieved in 2015 despite the headwinds. This has fortified the company to achieve even harder-won successes in 2016 to position the company to capitalise when market conditions improve.

Paul Lennon
Chairman

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