



# AUSTRALIAN BAUXITE LIMITED

ASX: ABX

## ASX ANNOUNCEMENT

19 March 2015

### About Australian Bauxite Limited ASX Code ABX

Australian Bauxite Limited (ABx) operates its first bauxite mine in Tasmania & holds the core of the Eastern Australian Bauxite Province. ABx's 37 bauxite tenements in Queensland, NSW & Tasmania exceed 5,000 km<sup>2</sup> & were selected for (1) good quality bauxite; (2) low cost transport 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 bauxite that processes 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, with first shipments targeted for 2<sup>nd</sup> Quarter, 2015.

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

Leon Hawker	Chief Operating Officer
Rob Williams	General Manager
Henry Kinstlinger	Secretary
Julian Rockett	Secretary

**ASX Symbol: ABX**

**Latest News:** [www.australianbauxite.com.au](http://www.australianbauxite.com.au)

### Operational Update and Exploration Progress

- Mining and screening at Australian Bauxite Limited's (ABx) Bald Hill Bauxite Project near Campbell Town, Tasmania exceeded the rate of 900,000 tonnes per year during February, significantly more than the 500,000 tonnes per year design rate. All optimisation tests were completed by early March
- Contracts for leasing the optimum fleet of mobile equipment and the specialised screening plant on a long-term lease basis are being finalised
- Operations in January to March revealed that a crushing plant is not required because the ore breaks naturally during handling with minimal oversize lumps
- Once all components of the transport from pit to ship are operating smoothly, railing of bauxite to Bell Bay Port will start at 1,100 tonnes per day and increasing later in the year when shiploads double to 60,000 tonnes per month
- Target date for commencement of shipments is mid to late 2<sup>nd</sup> Quarter
- Sales contracts are being framed to coincide with the initial shipment arrangements and subsequent ramp-up in tonnages over the following 12 months
- Bauxite demand and US dollar prices remain strong and are rising strongly in A\$ terms
- Exploration has discovered two new deposits at Nile Road and the new Rubble Flat prospect, each with potential to replace more than 12 months of production. Resource estimation is underway on Nile Road. Initial assays have been received for Rubble Flat and are reported herein.
- The bauxite deposits at both of these prospects remain open and further drilling is underway to test the extensions of Rubble Flat
- 90% of capital spending is complete and remaining capital costs will be incurred as production expands
- ABx remains debt-free with available discretionary cash reserves exceeding \$3.5 million

#### For further information please contact:

Ian Levy, CEO and MD  
Australian Bauxite Limited

Telephone: +61 2 9251 7177  
Mobile: +61 (0) 407 189 122

## AUSTRALIAN BAUXITE LIMITED

ACN 139 494 885

Level 2 131 Macquarie Street Sydney NSW 2000  
p: +61 2 9251 7177 f: +61 2 9251 7500

w: [australianbauxite.com.au](http://australianbauxite.com.au) e: [corporate@australianbauxite.com.au](mailto:corporate@australianbauxite.com.au)

### Bald Hill Bauxite Project

ABx's first mine commenced at Bald Hill near Campbell Town, Tasmania on 9 December 2014 and mined approximately 10,000 tonnes of bauxite for carefully controlled screening during February and early March.

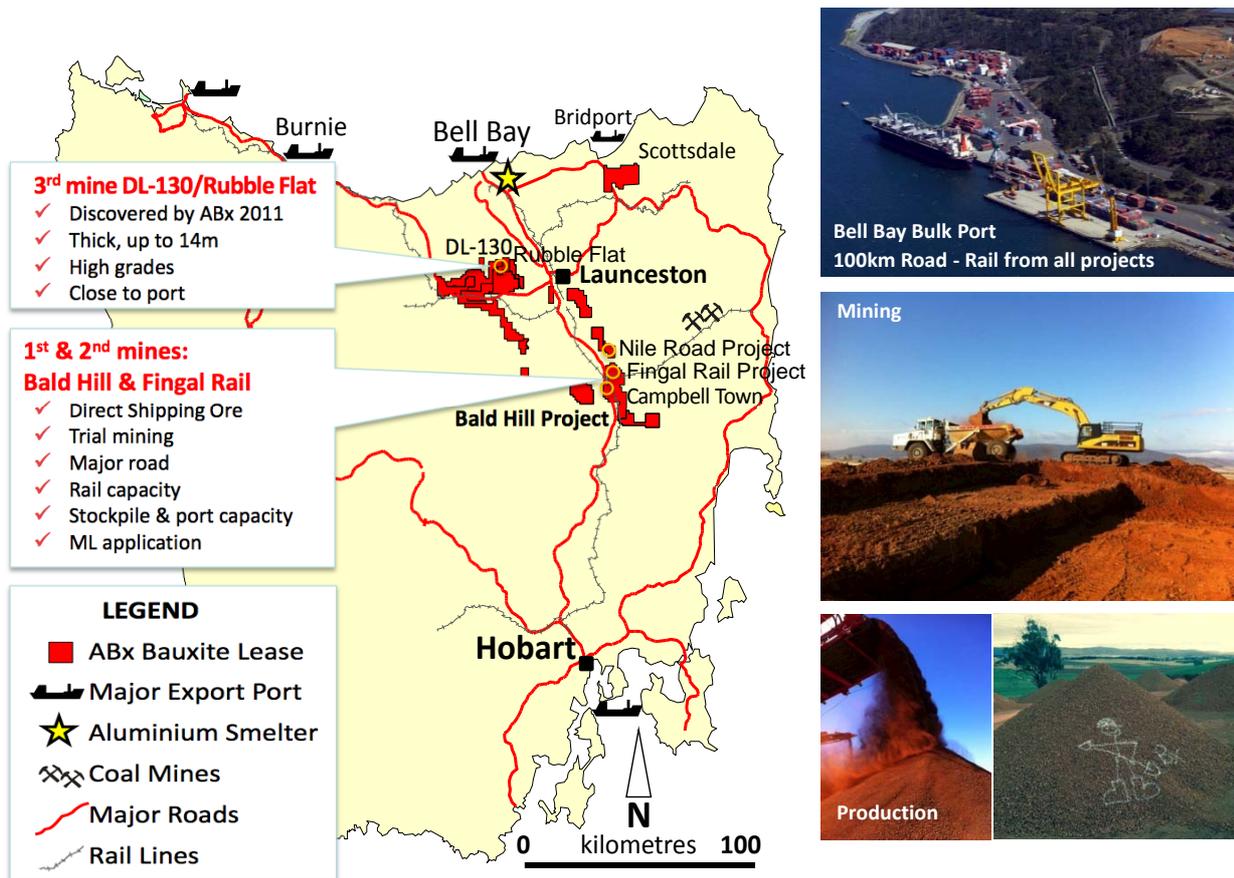


Figure 1: Locations of Projects and Infrastructure in Tasmania

#### Excavation: using a standard excavator & mine haul truck

- Ore was free-digging using a medium-sized excavator
- Benching at 1.2 to 1.5 metres height allowed good separation of bauxite ore & the other two layers:
  1. Detrital Overburden Layer: a layer beneath soil & above the bauxite with bauxite nodules
  2. Bauxite Resource Layer: a solid layer of bauxite with clumps & some minor bands of clay
  3. Transitional Layer: a clay layer with some nodules of bauxite

#### Screening Productivity: using standard triple-deck screen plant

- Excavator operation initially crushed the ore too finely – but this improved with operator experience and with a different excavator bucket configuration in the last fortnight and yields increased accordingly.
- Mining and screening achieved 300 to 400 tonnes per hour, equivalent to more than 900,000 tonnes per year. This significantly exceeds the designed production rate of 500,000 tonnes per year.

### Bauxite Product Results

- Screening and yields achieved in January to early March for the bauxite resource layer were:
  1. Yields + 4mm = 64% (improving with operator experience)
  2. Grades from bulk samples of screened bauxite products were:

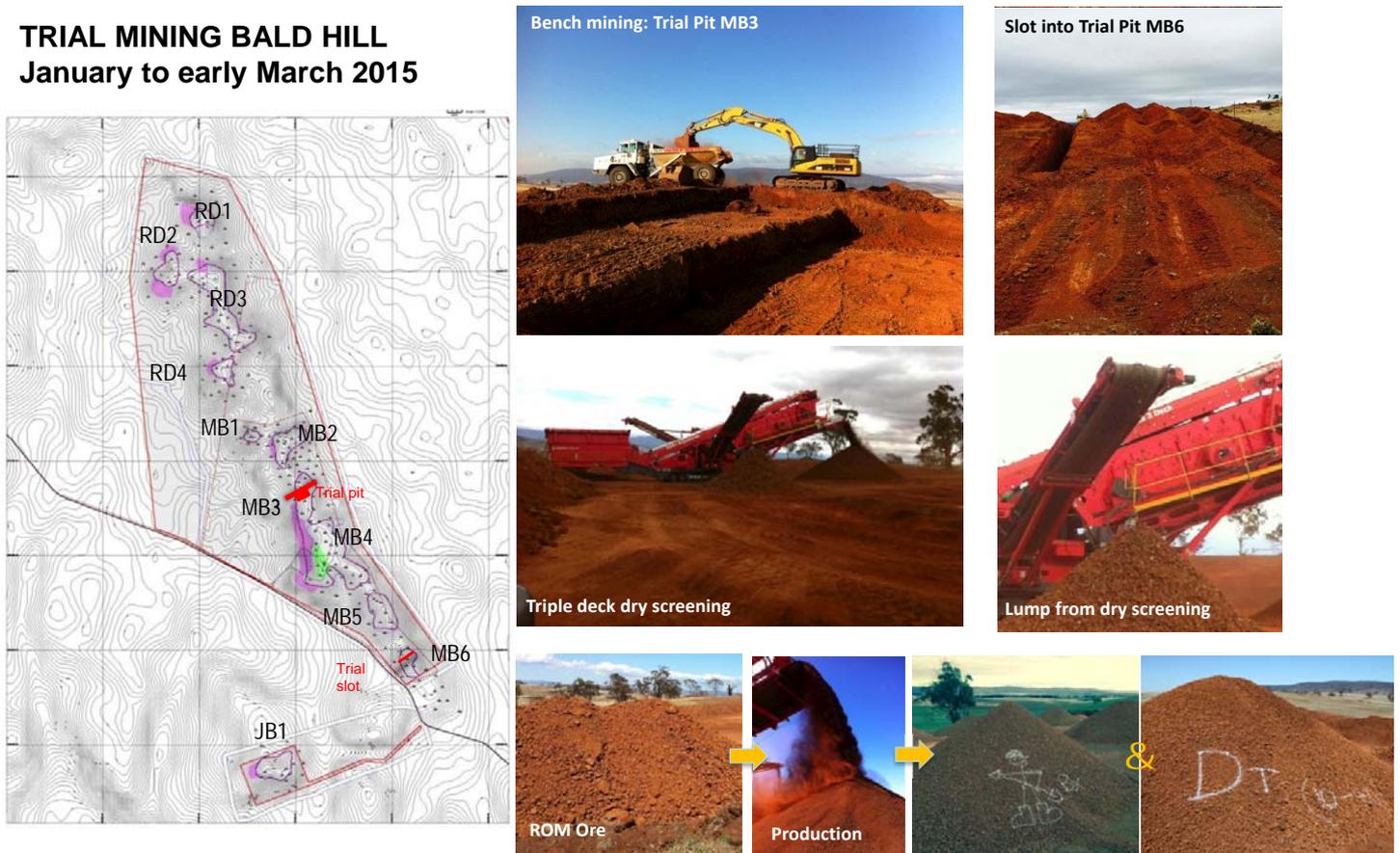
Bulk Samples	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	Fe <sub>2</sub> O <sub>3</sub> %	TiO <sub>2</sub> %	LOI %	Al <sub>2</sub> O <sub>3</sub> Avl %	Rx SiO <sub>2</sub> %	Gibbsite %	Clay %	Qtz %
Middlings	39.1	5.4	28.2	3.6	23.0	31.4	5.0	48	11	0.4
Lump	43.6	4.6	23.3	2.7	25.2	38.2	4.1	58	9	0.5

Leach conditions to measure available alumina "Al<sub>2</sub>O<sub>3</sub> Avl" & reactive silica "Rx SiO<sub>2</sub>" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. Mineralogy is estimated by ABxQuant algorithm estimations based on chemistry. LOI = loss on ignition at 1000 degrees C

**Table 1: results from bulk samples of bauxite from Pit MB3, Bald Hill Bauxite Project**

- These products are all gibbsite trihydrate bauxite, free of monohydrate minerals boehmite and diaspore and are the type in highest demand globally, especially in China
- These products were produced from Pit MB3 which is a moderate to low grade pit. On this basis, ABx considers these results to be encouraging for the coming year of production
- Improving operator experience will improve yields and grades over the first year of production
- Bauxite nodules recovered from the overlying Detrital Layer unexpectedly achieved saleable grade at some coarse size fractions. This potential upside is being investigated further and some nodules from the underlying Transitional Layer will also be tested. Both of these layers lie outside of the resource boundary and are potentially additional to resources.

### TRIAL MINING BALD HILL January to early March 2015



**Figure 2: Locations of Pits and Processing Stages Carried Out**



**Figure 3: Sampling screened bauxite products at Bald Hill Bauxite Project, Tasmania**

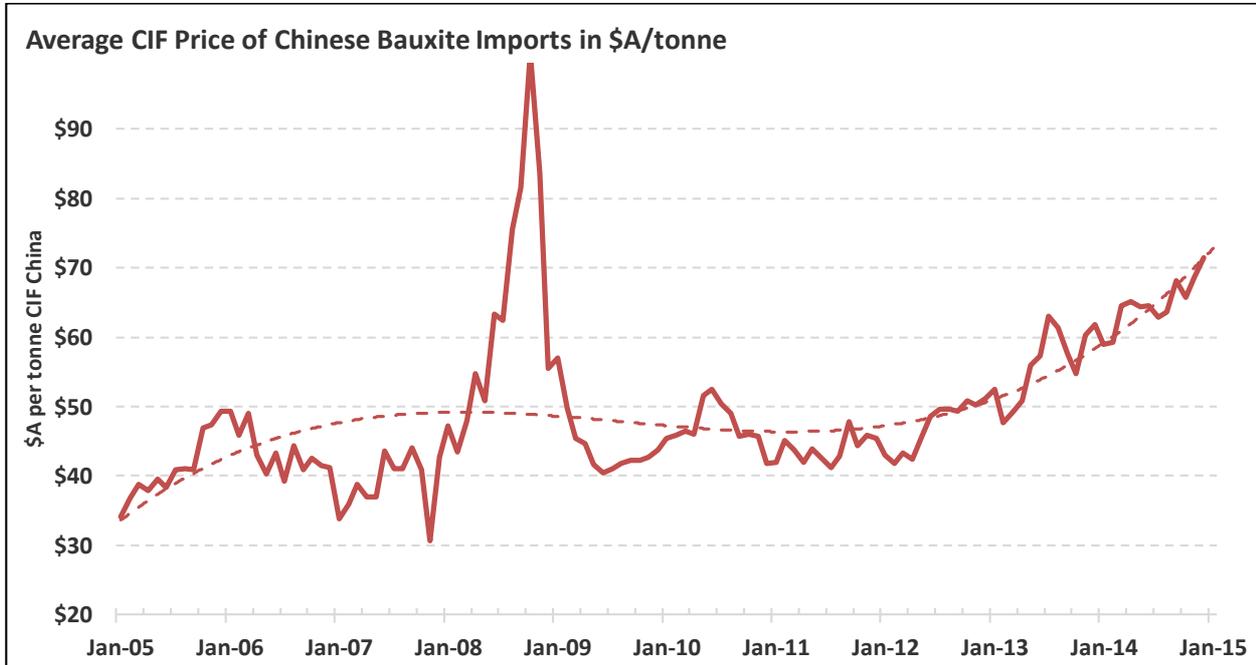


**Figure 4: Bench mining pit MB3 at Bald Hill**

**Top bench is Detrital Layer, middle bench is Bauxite Layer & bottom bench is Transitional Layer**

ASX: ABX

## Bauxite Markets Remaining Positive



Source: C&M, China Customs, Bloomberg & RBA fix rates

Figure 5: Bauxite Import Prices Delivered to China to 31 January 2015, in A\$/tonne CIF China

Bauxite sold into China is achieving average prices exceeding A\$70/tonne and remain above expectations. Some supplies from remote and exotic locations are being purchased by Chinese alumina refineries as short-term solutions to their supply shortages.

Recent shipping problems with bauxite purchased by China from wet tropical areas has demonstrated the advantages of ABx’s supply of bauxite from Bell Bay Port in Tasmania which is a reliable, long established port that is not interrupted by major seasonal events and has no capacity constraints.

## ABx Cash Position & Outstanding Capital Items

ABx’s free cash stands at more than \$3.5 million, excluding lease deposits and rehabilitation bonds.

Approximately 90% of ABx’s capital items have now been purchased or leased. The slow-down in the iron ore and other sectors of the mining industry has significantly increased the availability of mining and transport equipment for leasing at competitive rates. This availability was not anticipated when the capital cost estimates of \$5.5 million to \$12.5 million were first announced by ABx in 2012 and 2013.

Outstanding capital costs are expected to be below budget and will be carefully managed. Working capital build-up as operations and logistics providers assemble the early ship cargoes of bauxite product is the other significant cost faced by the project during 2015.

Various options to finance any short-term working capital build-up are available, should it be needed.

ABx has no debt at this time and has an undrawn line of credit available from the Noble Group.

## Exploration Successes

### Rubble Flat – DL-130 Project Area

The DL 130 Project Area in northern Tasmania (see Figures 1 & 6) is within 75 km of the Bell Bay Export Port. 3 new deposits at DL-130, including Rubble Flat are being drilled at a rapid rate and assays will be assessed as they are received over the next 2 months. Initial results, the continuity of bauxite at Rubble Flat and the recently cleared hardwood plantation status of Rubble Flat make it a likely candidate for early production, possibly in 2016 at approximately the same time as the already announced second mine project proposed at Fingal Rail (see Figure 1).

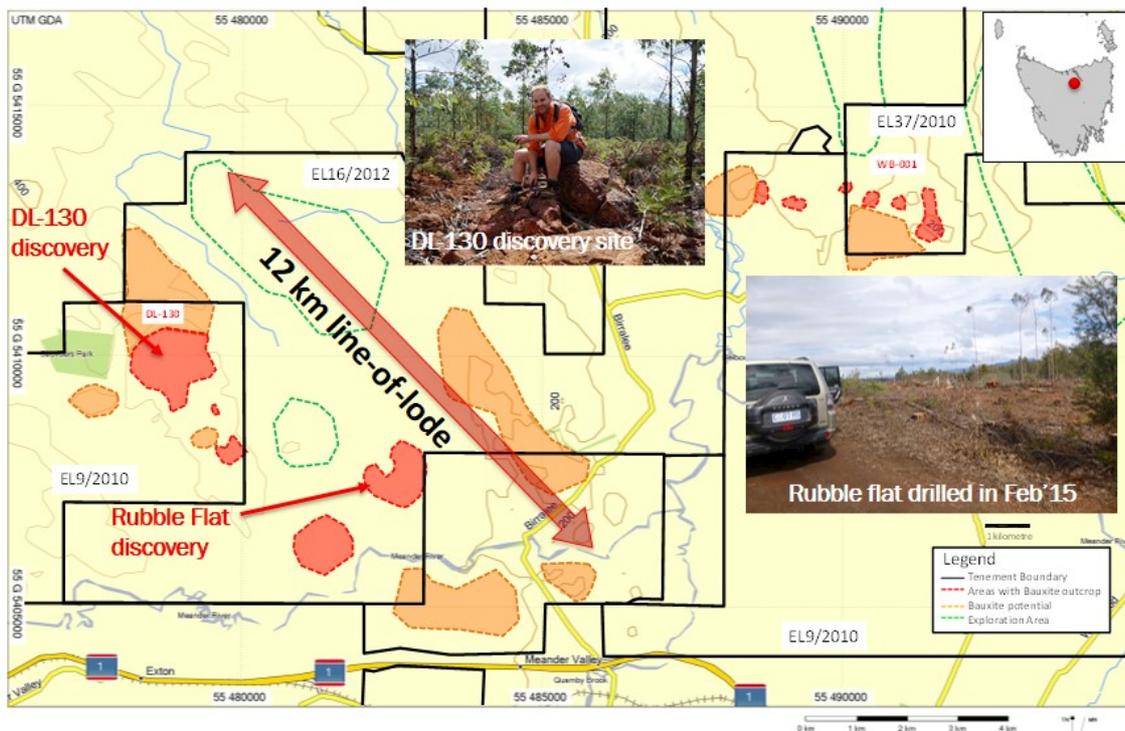


Figure 6: DL-130 Project & Rubble Flat Discovery, Northern Tasmania

The results to hand from the first 9 holes sampled are shown below in Table 2.

### Interpretation of results to hand

These results from Rubble Flat are considered very encouraging because:

1. Low silica contents: SiO<sub>2</sub> is the main deleterious element in alumina refining of bauxite;
2. Good alumina contents: Al<sub>2</sub>O<sub>3</sub> is above 43% in many samples;
3. High laboratory yields – may reflect high production yields, but is not directly related due to pulverisation by drilling that tends to reduce laboratory yields below production yields;
4. Bauxite quality appears to improve to the east and these holes are all from the west; and,
5. Good bauxite thickness and continuity – see Figure 7 below.

ASX: ABX

**Results from first batch of assays from holes in the western part of Rubble Flat**

Hole	From m	To m	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	Fe <sub>2</sub> O <sub>3</sub> %	TiO <sub>2</sub> %	LOI %	Al <sub>2</sub> O <sub>3</sub> Avl %	Rx SiO <sub>2</sub> %	Lab Yield %
RM009	3	4	33.23	2.03	40.60	2.73	20.68	28.10	1.10	69.4%
RM009	4	5	38.97	3.22	30.90	2.53	23.72	33.60	2.20	73.0%
RM009	5	6	43.38	3.01	25.20	1.61	26.13	38.80	1.70	71.5%
RM009	6	7	45.57	5.23	20.10	1.44	27.03	40.20	2.60	69.2%
RM009	7	8	41.16	10.55	22.00	1.90	23.69	31.30	7.50	51.1%
RM011	1	2	34.05	2.75	41.40	1.32	19.86	29.70	1.60	86.4%
RM011	2	3	40.68	5.15	29.20	1.44	22.97	35.40	3.60	21.3%
RM013	1	2	36.13	2.05	38.30	2.07	20.79	30.20	0.80	78.1%
RM013	2	3	38.69	5.58	31.70	2.09	21.37	30.30	3.00	57.3%
RM013	3	4	31.96	7.43	39.20	1.98	18.85	24.40	4.40	56.3%
RM014	0	1	35.53	2.48	41.40	1.90	18.12	26.90	0.80	77.5%
RM014	1	2	41.38	2.25	29.50	1.96	24.28	35.70	1.20	72.1%
RM014	2	3	35.91	2.87	36.80	2.23	21.51	30.50	1.20	68.3%
RM016	0	1	41.68	10.40	23.00	1.04	23.40	32.00	7.40	42.4%
RM016	1	2	43.13	6.18	23.60	1.22	25.24	36.60	3.10	55.3%
RM016	2	3	42.45	13.15	19.15	0.96	23.66	31.40	9.00	62.5%
RM017	0	1	39.44	7.32	34.90	1.33	16.54	29.70	4.00	47.6%
RM017	1	2	46.69	5.38	19.70	1.14	26.60	41.30	2.90	49.6%
RM017	2	3	47.51	6.51	17.00	1.03	27.40	41.90	3.10	70.9%
RM017	3	4	44.30	7.98	20.20	1.02	25.92	38.20	2.60	56.8%
RM017	4	5	44.23	13.75	15.55	0.95	24.91	34.10	7.90	51.5%

Leach conditions to measure available alumina "Al<sub>2</sub>O<sub>3</sub> Avl" & reactive silica "Rx SiO<sub>2</sub>" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. LOI = loss on ignition at 1000 degrees C. Lab yields are from wet screening at 0.26mm

**Table 2: results from 6 holes into bauxite at Rubble Flat.  
Western part of Rubble Flat Deposit, DL-130 Project area, Northern Tasmania**

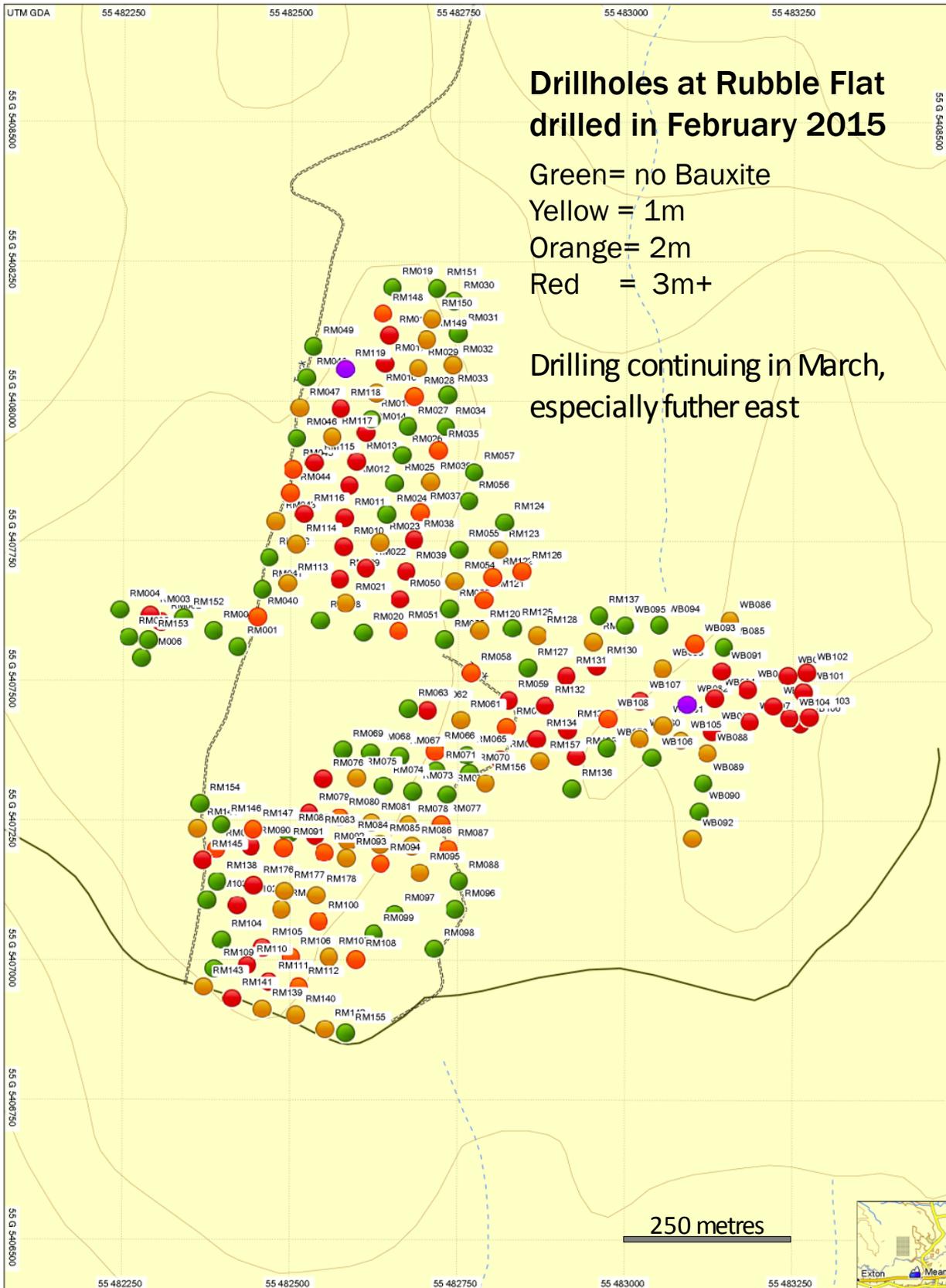


Figure 7: Drilling Results from Rubble Flat, DL-130 Project Area, Northern Tasmania  
 Bauxite layer thicknesses from holes drilled in February 2015. Drilling continues in March, especially in the eastern parts of the deposit

ASX: ABX

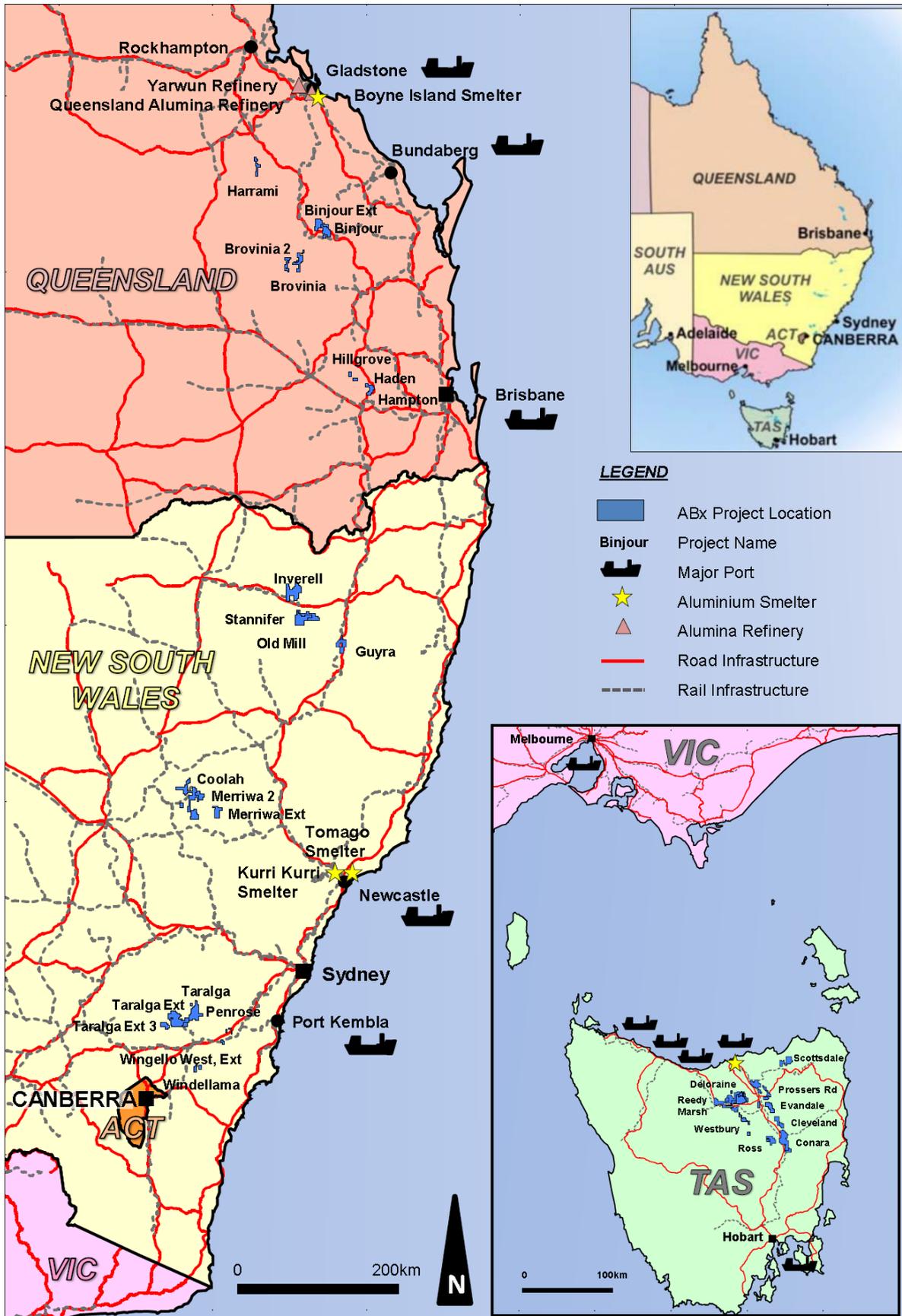


Figure 8: ABx Project Tenements and Major Infrastructure