

# BAUXITE RESOURCES LIMITED



## SEPTEMBER 2013 QUARTERLY REPORT

### Highlights:

- Bauxite resources of Bauxite Resources Limited (“BRL”) and its joint ventures partners totals **256.4Mt** - resources are near surface, situated close to existing road, rail and port infrastructure.
- BRL’s 100% Fortuna bauxite deposit upgraded to 39.5Mt @ 37.3% Total Al<sub>2</sub>O<sub>3</sub> (28.8 % available @ 148°C), 5.2% SiO<sub>2</sub> (1.6% reactive @148°C) (all grades are unbeneficiated).
- BRL enters development evaluation phase for supply into the international bauxite market of its 100% owned bauxite resources.
- Robert Nash named new Chairman of BRL following retirement of Barry Carbon AM.
- New Yankuang Chairman visits Felicitas deposit.
- Yankuang Resources and HD Mining nominate Australian based executives to be appointed as BRL board members.
- Share buyback program continued with 1.8 million shares purchased. Currently suspended (see below).
- Cash at bank A\$43.7 million and no debt.

### ACTIVITY SUMMARY FOR SEPTEMBER 2013 QUARTER

Bauxite Resources Limited (“BRL” or the “Company”) continues to focus primarily on the exploration and evaluation of bauxite prospectivity in BRL’s extensive tenement holding in Western Australia’s Darling Range, the largest bauxite and alumina producing region in the world. Currently the Company holds ~17,710 km<sup>2</sup> (9,595 km<sup>2</sup> granted).

#### **Fortuna - 100% BRL**

During the quarter, the Company announced an increase to its Fortuna Deposit (100% BRL) to 39.5 million tonnes and the commencement of development evaluation for the project.

The resource defined to date on this tenement has attributes similar to other Darling Range bauxites which supply the existing refineries in Western Australia.

**DATE: 25 October 2013**

**ASX Code: BAU**

**BAUXITE RESOURCES LTD**

**ABN: 72 119 699 982**

#### **DIRECTORS:**

**Robert Nash**

Non Executive Chairman

**Peter Canterbury**

CEO & Executive Director

**Luke Atkins**

Non Executive Director

**Neil Lithgow**

Non Executive Director

**John Sibly**

Non Executive Director

**Qingwei Zhan**

Non Executive Director

**Chenghai Yang**

Non Executive Director

**Sam Middlemas**

Company Secretary

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W: [www.bauxiteresources.com.au](http://www.bauxiteresources.com.au)

#### **Share Registry:**

Security Transfer Registrars

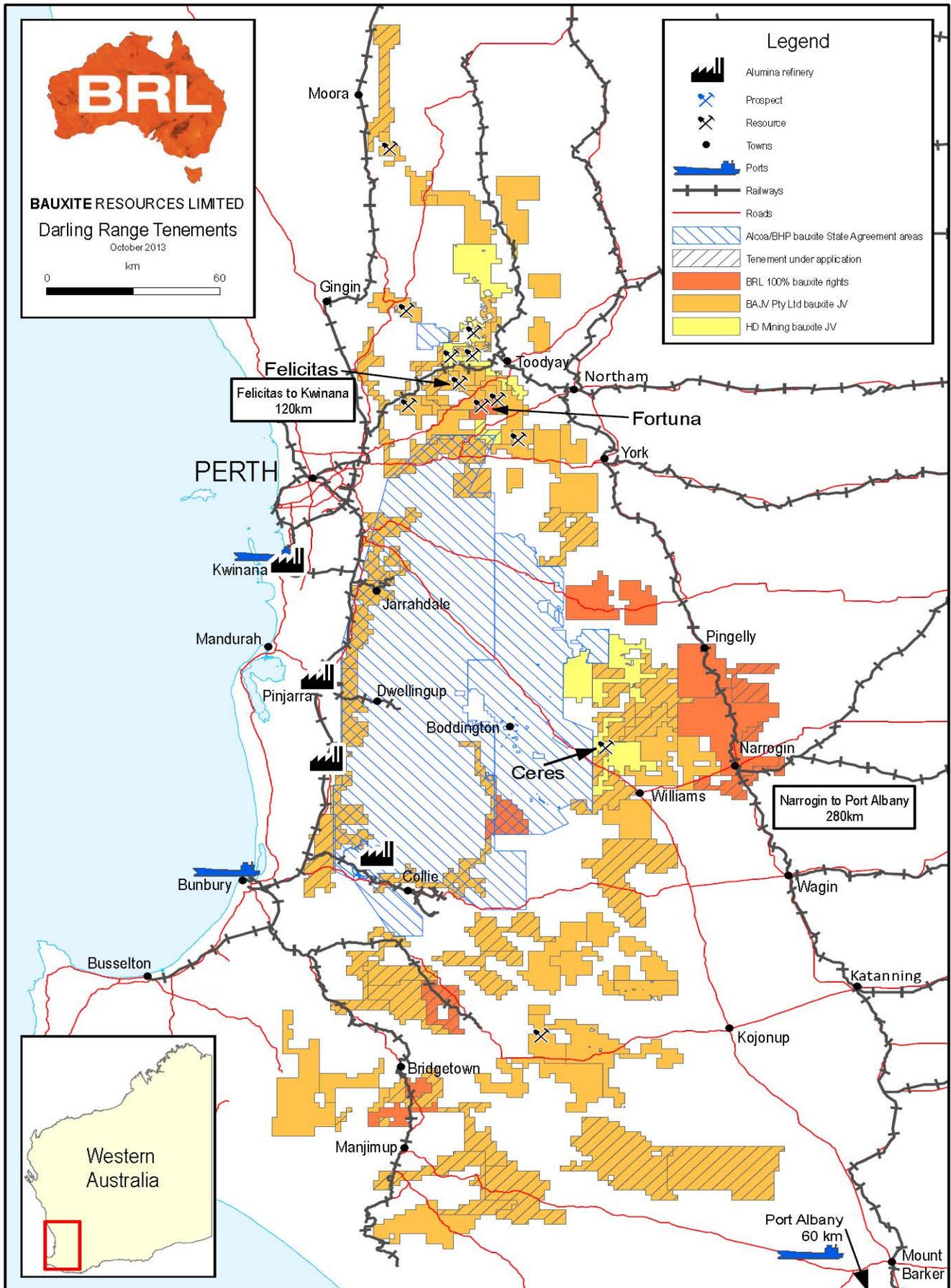
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Figure 1: Bauxite Resources Ltd tenement holding showing resource locations





***Drill location map.***



***Low impact exploration drilling.***



***Typical drill hole profile.***

The project is located on exploration licence E70/2230 (see Figure 1) which is owned by Mercator Metals Pty Ltd with BRL retaining 100% beneficial interest to bauxite and currently extends across 658 Ha (6.58km<sup>2</sup>) of private land holding (farmland), in proximity to excellent road and rail infrastructure. The bauxite horizon is up to 13m in thickness below up to 2m of loose overburden, and displays very low reactive silica making for a desirable product in the refining process.

The lateral extent of mineralisation has not been tested by drilling and is therefore not considered to be closed off.

**The BRL Fortuna bauxite project area is:**

- situated on a small number of private landholdings;
- located approximately 60km north east of Perth, being 10km from the town of Wundowie;
- approximately 12km to the south of existing infrastructure providing a link to Kwinana port approximately 120km away.

The Company is pleased with the increase of the resource, first reported in the June 2013 quarter, further exploration is planned during the coming six months following the company finalising additional land access agreements on the deposit.

In addition to the Fortuna deposit, BRL has recently finalised several land access agreements for scout drilling in the Narrogin area, located approximately 280km by rail from the Albany port and also on 100% BRL owned tenements. Field reconnaissance in this area has showed outcropping of bauxite and the Company plans to commence drilling in this area over the next 6 months.

The growth of the Fortuna Deposit and the identification of the prospective Narrogin tenements provide an opportunity for the Company to develop bauxite operation in these two areas in their own right.

**Felicitas - 30% BRL (JV with Yankuang Resources)**

The Felicitas deposit currently stands at 147.9Mt, including 35.3Mt in the measured category. Some 16,000 samples were analysed during the quarter and RPM (RungePincockMinarco) is currently undertaking resource modelling on the deposit with an upgrade expected early in the December quarter.

The resource defined to date on this tenement is similar to other Darling Range bauxites which supply the existing four refineries in Western Australia.

The current Felicitas resource area extends across approximately 4,200Ha (42km<sup>2</sup>) of large private landholdings, 10km north of Wundowie and 60km north northeast of Perth (Figure 1).

The deposit is situated on a small number of large private landholdings that have largely been cleared for farming and grazing and readily accessible by road. The northern boundary of the resource is within 5km of existing rail infrastructure and approximately 120 km by rail to the Kwinana port.

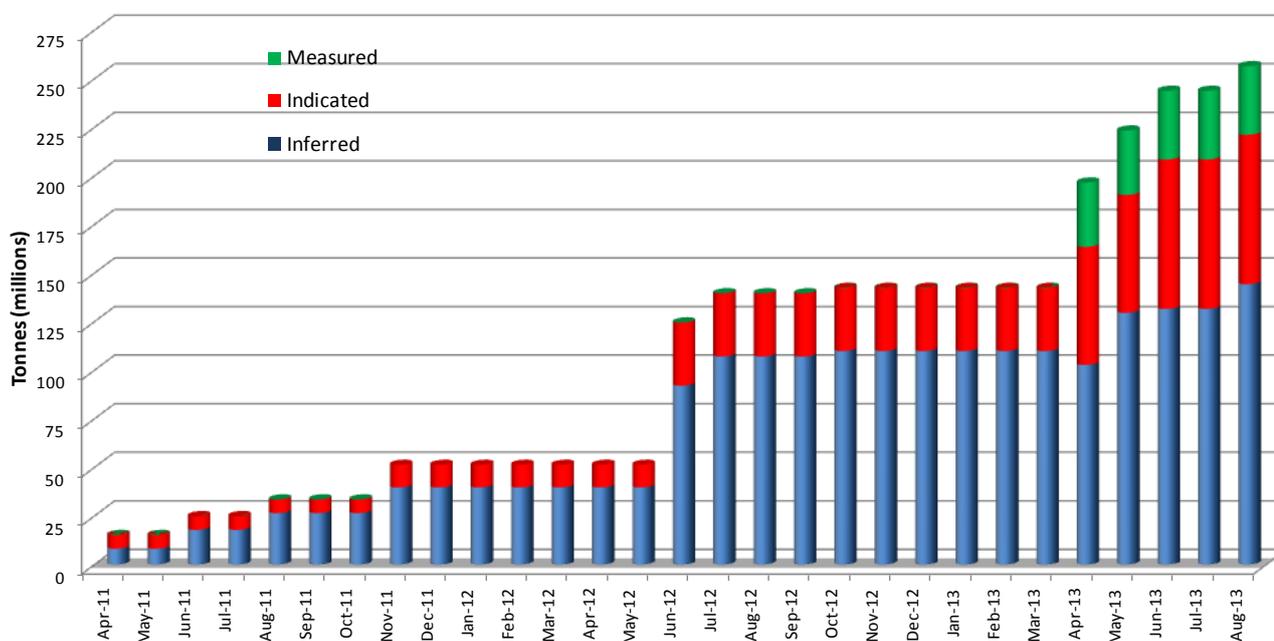
During the reporting period, Yankuang Group, parent company to Yankuang Resource Pty Ltd joint venture partners with BRL in the Bauxite Alumina Joint Venture (BAJV) announced the appointment of Mr Zhang Xinwen as Chairman. On 20th September 2013, Mr Zhang visited the BAJV operations at Felicitas deposit.



**BRL's Chairman Rob Nash, BAJV's GM Bill Moss, BRL's CEO Peter Canterbury, Yankuang Group Chairman Zhang Xinwen and Yankuang Resources GM Zhan Qingwei on site visit.**

**Figure 2: Bauxite Resource growth chart (Refer Table 1 for resource summary details).**

### Bauxite Resource Growth





**Table 1: BRL Bauxite Projects in south west Western Australia – Resource Summary Table**

Deposit & Classification	Size Mt	Al <sub>2</sub> O <sub>3</sub> (total) %	Al <sub>2</sub> O <sub>3</sub> (available) # %	SiO <sub>2</sub> (total) %	SiO <sub>2</sub> (reactive) # %	JV & Resource Details
Fortuna						
Inferred	39.5	37.3	28.8	5.2	1.6	BRL(September 2013) JORC2012
<b>BRL 100% sub-total</b>	<b>39.5</b>	<b>37.3</b>	<b>28.8</b>	<b>5.2</b>	<b>1.6</b>	
Felicitas						
Measured	35.3	39.0	30.5	5.8	1.3	BAJV (May 2013) JORC 2004
Indicated	65.3	39.8	30.4	9.0	1.8	BAJV (May 2013) JORC 2004
Inferred	47.3	39.2	29.6	12.4	2.6	BAJV (May 2013) JORC 2004
Cardea 3 (BAJV)						
Indicated	3.5	42.5	31.1	11.6	3.2	BAJV (Nov 2011) JORC 2004
Inferred	7.0	41.0	30.1	12.6	3.5	E70/3432
Minerva						
Inferred	2.2	38.7	28.9	20.3	3.9	BAJV (Aug 2011) JORC 2004
Aurora						
Indicated	7.0	43.5	33.0	9.1	3.1	BAJV (Apr 2011) JORC 2004
Inferred	4.4	41.3	30.2	14.4	4.0	
Rusina						
Inferred	3.7	40.3	29.1	15.7	5.3	BAJV (Apr 2011) JORC 2004
Juturna						
Inferred	8.2	40.2	29.9	23.1	3.9	BAJV (Jun 2011) JORC 2004
Vallonia						
Inferred	1.5	36.6	28.0	22.6	3.9	BAJV (Jun 2011) JORC 2004
Cronus						
Inferred	2.8	39.3	28.3	13.3	2.8	BAJV (Jul 2012) JORC 2004
<b>BAJV sub-total</b>	<b>188.2</b>	<b>39.7</b>	<b>30.2</b>	<b>10.6</b>	<b>2.3</b>	
Cardea (1&2)						
Inferred	6.4	41.8	29.3	15.7	4.3	HDMJV (Aug 2011) JORC 2004
Cardea 3 (HDM)						
Indicated	1.1	42.8	30.0	16.8	4.0	HDMJV (Nov 2011) JORC 2004
Inferred	6.2	40.3	28.9	17.0	4.4	E70/3160
Ceres						
Inferred	15.0	40.9	31.7	19.5	3.0	HDMJV (Jul 2012) JORC 2004
<b>HDM sub-total</b>	<b>28.7</b>	<b>41.0</b>	<b>30.5</b>	<b>18.0</b>	<b>3.6</b>	
<b>Total Measured</b>	<b>35.3</b>	<b>39.2</b>	<b>30.5</b>	<b>5.8</b>	<b>1.3</b>	Sep-13
<b>Total Indicated</b>	<b>76.9</b>	<b>40.3</b>	<b>30.7</b>	<b>9.2</b>	<b>2.0</b>	Sep-13
<b>Total Inferred</b>	<b>144.2</b>	<b>39.2</b>	<b>29.6</b>	<b>12.5</b>	<b>2.8</b>	Sep-13
<b>South West WA TOTAL Bauxite</b>	<b>256.4</b>	<b>39.5</b>	<b>30.0</b>	<b>10.6</b>	<b>2.4</b>	Sep-13

# Fortuna grades based on FTIR analysis with ~10% samples validated by low temperature (148°) caustic digest and ICP analysis. All other resources were based on low temperature (148°) caustic digest and ICP analysis. This method simulates the low temperature Bayer process.

#Available Alumina figures were based on low temperature (148°) caustic digest- High temperature digestion may result in higher available alumina however the exact extent of this increase is not known at this time

BRL - BRL retain 100% beneficial interest in bauxite

BAJV - Bauxite Alumina Joint Venture area with Yanguang Resources Ltd where the BRL retains 30% beneficial interest in the bauxite rights.

HDMJV – Resources within joint venture with HD Mining & Investments Pty Ltd, the wholly owned subsidiary of Shandong Bureau No.1 Institute for Prospecting of Geology & Minerals. At the time of writing the Company retains 100% beneficial interest. HD Mining can earn up to 60 % of bauxite rights upon completion of certain milestones including completion of a BFS leading to a decision to mine



## CORPORATE

### Board Changes

During the quarter the Company's Chairman, Mr Barry Carbon AM notified the Board of his intention to retire as at the 9<sup>th</sup> August after nearly 4 years as Chairman. Mr Carbon made a significant contribution to the company during some difficult times and included a period of acting CEO in 2010. Mr Robert Nash replaced Mr Carbon as Chairman and brings extensive knowledge of the joint ventures (JV) into the Chair having been intimately involved in the initial drafting of the joint venture agreements with Yankuang Resources Pty Ltd ("Yankuang") as well as being the Chairman of the United Management Committee for the JV.

During the reporting period both Yankuang and HD Mining and Investments Pty Ltd (HD Mining) nominated Australian based executives to be appointed to the board of BRL. Mr Chenghai (David) Yang replaces Mr Ding Feng as the corporate representative of HD Mining and Mr Zhan Qingwei replaces Mr Yan Jitai as corporate representative of Yankuang. The Company welcomes the nomination of Australian based personnel so as to allow closer day to day working relationship with both JV partners.

### Share Buyback

As of 30 September 2013, BRL had purchased 3,896,400 shares (out of a maximum of 23,537,989 shares) under the buyback for a total consideration of \$459,835 and at an average purchase price of \$0.118 cents per share. Paterson Securities Limited is the appointed broker for the share buyback program. The share buy-back was suspended in late September following receipt of the IMF funded claim referred to below. The Board will keep the decision to suspend under review subject to legal advice.

### Yankuang Joint Venture Update

During the reporting period Yankuang's Chinese parent announced the appointment of Mr Xinwen Zhang as Chairman. On 20<sup>th</sup> September 2013, Mr Zhang visited the JV operations at Felicitas deposit. Mr Zhang commented on the impressive results and the resources the JV had achieved to date and nominated his most senior Australian representative to be responsible for Yankuang's involvement in the JV.

### Potential Legal Claim

Further to the Company announcements in June & July 2010 in respect to IMF's proposal to fund legal action against BRL, the Company received a proposed claim which alleges that the Company engaged in misleading and deceptive conduct in September 2009. The proposed claim is on behalf of investors who acquired 20 million shares in the Company in the share placement which occurred in October 2009. The loss claimed is not specified. Consistent with the Company's previous announcements concerning these allegations, BRL intends to defend any legal proceedings in the event any are commenced.

### Cash Position

As at 30 September, 2013, BRL had a cash balance of \$43.7 million and no debt.

**Peter Canterbury**

**CEO, Bauxite Resources Ltd**



## COMPETENT PERSON STATEMENT

The information in this report that relates to **Cardea1&2, Juturna, Minerva, Rusina and Vallonia** Mineral Resources is based on information compiled by Peter Senini who is a Member of the Australian Institute of Geoscientists. Mr Senini was an employee of the Company at the time of resource estimation and remains competent person for the above mentioned resources. He 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Senini consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to **Felicitas, Cardea3, Aurora, Ceres, Cronus and Fortuna** Mineral Resources is based on information compiled by Graham de la Mare who is a Member of the Australian Institute of Geoscientists. Mr de la Mare is employed by RungePincockMinarco (RPM). Mr de la Mare 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr de la Mare consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to Exploration results is based on information compiled by Mark Menzies, who is a member of the Australian Institute of Geoscientists. Mr Menzies is a qualified geologist and a full time employee, and 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Menzies has consented to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.

## JORC Code Compliant Public Reports

The Company advises that this material contains summaries of Exploration Results and Mineral Resources as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). The following lists the Joint Ore Reserve Code (JORC) compliant Public Reports released to the ASX declaring the JORC resources referred to. These can be viewed on both the ASX and the Company websites, free of charge.

02/05/2011	Aurora, Rusina: Progress Report - Resource Upgrade. JORC 2004
21/06/2011	Vallonia, Juturna: Progress Report - Resource Upgrade. JORC 2004
22/08/2011	Cardea 1&2, Minerva: Resource Upgrade. JORC 2004
02/11/2011	Cardea3: Resource Update. JORC 2004
05/06/2012	Felicitas: 73Mt New Bauxite Resource at Felicitas Deposit. JORC 2004
30/07/2012	Ceres: New Bauxite Resource at Williams Project Western Australia. JORC 2004
26/10/2012	Cronus: Annual Report to Shareholders. JORC 2004
02/05/2013	Felicitas: Upgrade of Darling Range Bauxite Resource, Felicitas. JORC 2004
09/05/2013	Fortuna: 26.8Mt Bauxite Resource at BRL's Darling Range Fortuna Project. JORC 2004
28/05/2013	Felicitas: Darling Range Bauxite Total Resources Increases to 243.7Mt, Felicitas JV Resource With Yankuang Increases to 147.9Mt. JORC 2004
04/09/2013	Fortuna: BRL's 100% Fortuna Resource increased to 39.5Mt. BRL and partners Darling Range resources in excess of 250Mt. JORC 2012

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimate in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcement.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**Bauxite Resources Limited**

ABN

72 119 699 982

Quarter ended ("current quarter")

30 September 2013

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	1,179	1,179
1.2 Payments for		
(a) exploration and evaluation	(1,097)	(1,097)
(b) development	(13)	(13)
(c) production		
(d) administration	(591)	(591)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	490	490
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other -		
<b>Net Operating Cash Flows</b>	<b>(32)</b>	<b>(32)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	(15)	(15)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	46	46
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other - increase in bonds	20	20
<b>Net investing cash flows</b>	<b>51</b>	<b>51</b>
1.13 Total operating and investing cash flows (carried forward)	18	18

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	18	18
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	(220)	(220)
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other		
	<b>Net financing cash flows</b>	<b>343</b>	<b>343</b>
	<b>Net increase (decrease) in cash held</b>	<b>(203)</b>	<b>(203)</b>
1.20	Cash at beginning of quarter/year to date	43,881	43,881
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>43,678</b>	<b>43,678</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	312
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, director's fees and consulting fees.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

--

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

--

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	982
4.2	Development	63
4.3	Production	-
4.4	Administration	623
<b>Total</b>		<b>1,668</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	1,027	1,029
5.2	Deposits at call	42,651	42,852
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)		43,678	43,881

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2	E70/3614 E70/3656 E70/3826	Interests in mining tenements acquired or increased	Nil Nil Nil	30% 30% 30%

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	231,483,496	231,483,496		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	(1,950,000)	(1,950,000)		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through maturity conversion				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	2,000,000	-	<i>Exercise Price</i> 40 cents	<i>Expiry Date</i> 22/02/2016
7.8 Issued during quarter		-		
7.9 Exercised during quarter		-		
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Performance Rights</b> (totals only)	1,500,000	-		
7.13 <b>Unsecured notes</b> (totals only)				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:   
Company secretary

Date: 25 October 2013

Print name: Sam Middlemas

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.