

## SILICA SAND EXPORT DEVELOPMENT UPDATE

Bauxite Resources Limited (“BRL” or the “Company”) is pleased to provide this update on developments following the previous announcement of the executed terms sheet (“Term Sheet”) between BRL’s wholly owned subsidiary, Australian Silica Quartz Pty Ltd (ASQ), and Urban Resources Pty Ltd (“Urban”) on 21 January 2019 to jointly exploit the Maralla Road Silica Sand deposit located in Bullsbrook, Western Australia.

- A JORC 2012 Inferred Mineral Resource of **10.7 million tonnes @ 99.8% SiO<sub>2</sub>** has been completed on the raw sand at the Maralla Road tenement M70/326<sup>1</sup>. (Refer: *Maralla Road Silica Sand Deposit Maiden Resource. ASX release 23 April 2019*)
- **Preliminary engineering works have been completed** for the BRL funded additional equipment required to upgrade the current silica sand produced. Detailed engineering drawings and costings are underway
- **Additional test work has been completed** by CDE Global using attrition cells which have now been costed into the additional equipment, with the proposed capital estimate around \$1.25m as previously advised
- After washing and spiraling the mined sand is expected to produce a **product of 99.93% silica and Fe<sub>2</sub>O<sub>3</sub> levels less than 0.015%** - the addition of attrition cells is expected to further reduce the Fe<sub>2</sub>O<sub>3</sub> content
- Work has commenced on preparing **detailed formal agreements** between ASQ and Urban
- The upgraded ASQ/Urban washing plant is expected to be fully operational by the end of the calendar year with a maximum **throughput capacity of 250,000 tpa**
- The Company continues to liaise with a large number of potential customers. Silica sand samples have been dispatched and **negotiations on terms of trade are on-going**
- Negotiations are continuing with logistics providers including cartage, storage, and shipping agents – with **both bulk and container cargo** routes now being finalised

BRL’s CEO, Sam Middlemas, commented as follows

“The detailed work is proceeding which will see the Company make the move from explorer to a high grade silica sand producer. This potentially lucrative Silica market continues to expand with the high tech applications for the high grade silica sand continuing to grow.

Our planned operations aim to produce a very high quality product coupled with our R&D programs we will be targeting to produce products that will attract premium prices.”

**DATE: 29 April 2019**

**ASX Code: BAU**

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• <sup>1</sup> Mining lease M70/326 is held by Stefanelli Developments Pty Ltd. An agreement between Urban and Stefanelli grants Urban the exclusive right to conduct mining on M70/326 subject to an owner royalty and options up to 30 June 2022. Negotiation is underway to extend the agreement for an additional 5 years to 30 June 2027



ASQ has executed a binding term sheet with Urban to jointly exploit the Maralla Road Silica Sand deposit located in Bullsbrook, Western Australia.

Under the term sheet, ASQ will run the marketing and sales operations, and will fund the additional equipment up to \$1.25 million required to upgrade the current sand produced to the higher grades required to meet the overseas markets requirements. Urban will be the mine operator using its current staff and equipment (together with the additional equipment acquired by ASQ) with each party providing its services at cost and profits will be split equally (BRL (2019). Update on Silica Sand Term Sheet. ASX Release 21 January).

### ASQ completes Maiden Urban Maralla Road Silica Sand Deposit Mineral Resource

As part of the due diligence undertaken on the proposed partnership between ASQ and Urban, ASQ completed a Mineral Resource estimate (MRE) for the Maralla Road Silica Sand Deposit in April 2019. The resource comprises an Inferred Mineral Resource of 10.7 Mt @ 99.8% SiO<sub>2</sub> and is reported in accordance with the JORC Code 2012 Edition.

Table 1 – Maralla Rd March 2019 Inferred Mineral Resource Estimate

Tonnage Mt	SiO <sub>2</sub> %	Fe <sub>2</sub> O <sub>3</sub> %	Al <sub>2</sub> O <sub>3</sub> %	CaO %	MgO ppm	K <sub>2</sub> O %	TiO <sub>2</sub> %	LOI %
10.7	99.8	0.02	0.01	0.003	24.1	0.003	0.05	0.07

This MRE confirms that there is sufficient sand of adequate quality at the deposit to support an export operation as contemplated.

### Testing completed on the Maralla Road Silica Sand Deposit

As previously reported, (BRL ASX Release 21 January 2019 -Update on Silica Sand Term Sheet for Operating DSO Export Venture Executed with Urban Resources) ASQ in collaboration with Urban, have completed metallurgical testwork on washed sand from the existing Urban mining operation. This preliminary testing included processing bulk samples of washed sand from the Maralla Road sand deposit through test spirals (Tables 2 & 3)

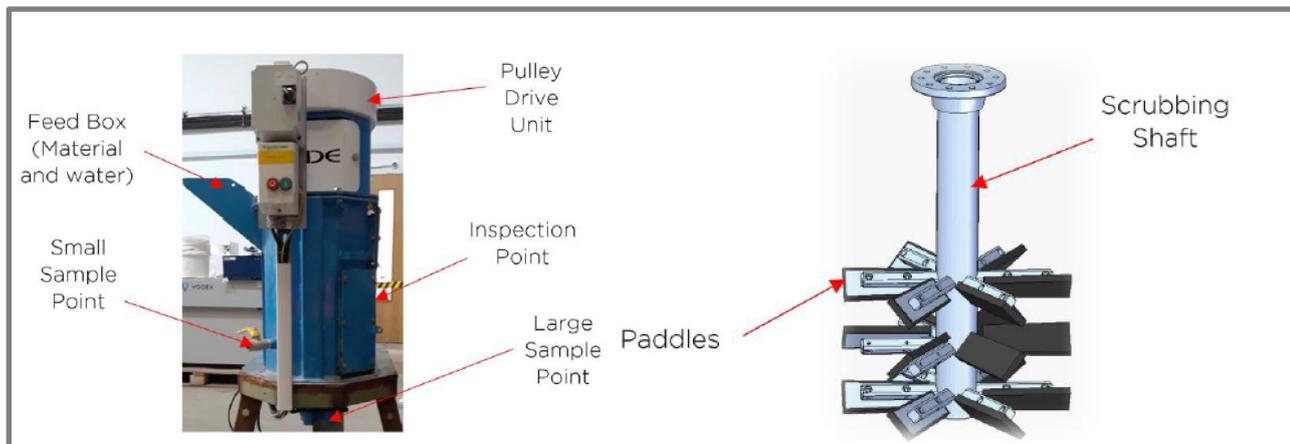
Table 2 – Expected chemical specifications for washed and spiralled Maralla Road Silica Sand

Yield %	SiO <sub>2</sub> (%, by difference)	SiO <sub>2</sub> (%, by difference less LOI)	TiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	Fe <sub>2</sub> O <sub>3</sub> (%)
95%	99.93%	99.85%	0.024%	0.012%	0.008%

Table 3 – Expected sizing specifications for washed and spiralled Maralla Road Silica Sand

Screen Aperture	% Retained	% Passing
1mm	0.01	99.99
0.710mm	1.53	98.46
0.500mm	16.30	82.16
0.355mm	34.75	47.41
0.25mm	27.46	19.95
0.180mm	13.21	6.74
0.125mm	5.58	1.15
0.090mm	0.86	0.29
0.063mm	0.11	0.18
0.045mm	0.01	0.17
Pan	0.17	0.00

Additional sand from the deposit has now been tested for washing and attritioning by CDE Global in Brisbane. The purpose of the testing programme was to increase the silica content of the sand. The tests were performed using a vibrating mesh screen and a laboratory scale attrition cell (Figure 1).



*Figure 1 – Laboratory Scale Attrition cell details*

CDE Global concluded that there was a reduction in the fines content of the sand. ASQ have submitted the attritioned samples to TSW Analytical in Perth and we are awaiting the results of this testwork.

### **Preliminary Engineering Underway**

ASQ have agreed to fund up to \$1,250,000 for an upgrade to the existing Urban sand washing plant to allow the production of a high grade silica sand. Urban Resources, on behalf of ASQ, have engaged process engineers Claymore Mines Pty Ltd (Claymore) to complete the engineering for the required plant upgrade on an EPCM basis. Claymore have completed the preliminary design and are investigating equipment selection. The next phase will be the completion of detailed design drawings and final equipment selection. It is expected that the plant upgrade will include upstream classifying, spiral circuit, dewatering screen and stockpiling and it is now envisaged that attrition cells will be incorporated into the final design. The addition of attritioning is not expected to increase the cost to ASQ beyond the agreed \$1.25m.

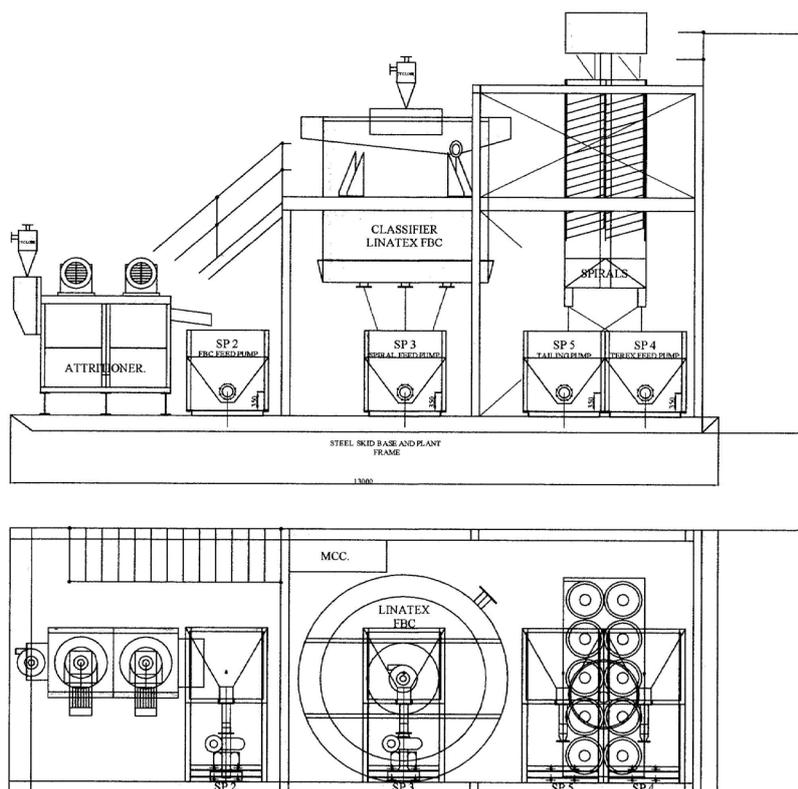


Figure 2 – Preliminary plant upgrade engineering plans

### Formal Agreements between ASQ and Urban

The Term Sheet requires that ASQ and Urban enter into Formal Agreements within 150 days of the Term Sheet execution. This process has now commenced with the drafting and finalisation of an agreement underway.

### Marketing completed to date

Through the company's marketing activities ASQ has received over fifty enquiries relating to the company's silica sand and projects to date. Product specification sheets have been distributed to potential customers where applicable and silica sand samples have been couriered to potential domestic and international customers.

Ongoing negotiations are continuing with a view to securing offtake for the company's washed sand product or presales of the company's processed high grade silica sand product.

Potential customers have visited ASQ's projects in Albany and Gingin, WA. Currently the company is marketing two silica sand products to potential customers. It is planned that the company's product range will increase as additional processing capability is added.

### Shipping and Logistics

Ensuring that a cost effective transport and logistics framework is in place is key to ensuring a sustainable operation. Ongoing work and negotiations to enable cost effective road transport and port logistics to facilitate this is underway. For international clients it is envisaged that ASQ will export a "free on board" (FOB) product. Negotiations with a number of shipping companies to determine shipping pricing is underway to assist with providing clarity of pricing for potential customers.

## Anticipated Forward Timetable

	2019 Q2	2019 Q3	2019 Q4	2020 Q1
ASQ secures offtake partner(s) and letter(s) of Credit	→			
Finalisation of shipping and logistics	→			
Detailed engineering design for plant upgrade	→			
Plant upgrade procurement and fabrication	→			
Plant upgrade commissioning				→
Finalisation of Formal agreement between ASQ and Urban	→			
Mining, processing and stockpiling commences				→
First shipment departs Western Australia				★

Figure 2 – Timetable for the development of the Maralla Road Silica sand Export Project

## Test pits completed on second Urban Mining Lease

Urban and ASQ recently completed a series of 15 test pits to a maximum depth of 4 m to investigate the potential for high grade silica sand deposits at Urban’s fully permitted mining lease M70/1329 located north of Perth approximately 10 km northwest of the Maralla Road sand deposit. White silica sand was observed in 5 of the test pits and the observations are given in Table 4 below. This work confirms the presence of white silica sand on Urban’s M70/1329. Samples from the test pits have been submitted to TSW Analytical in Perth for analysis and we are waiting on results to be received. This mining lease is considered an alternative source of sand to supply the ASQ upgraded Urban sand washing plant, and will potentially allow for much higher export levels to meet any increased demand from customers.

Pit Number	Sand Observed	End of Hole Depth
ASQC001	White sand from topsoil to 2.8 m	2.8 m
ASQC002	Yellow sand from topsoil to 2.0 m	2.0 m
ASQC003	Cream sand from topsoil to 2.5 m	2.5 m
ASQC004	White sand from topsoil to 4.0 m	4.0 m
ASQC005	Cream sand from topsoil to 4.0 m	4.0 m
ASQC006	Cream sand from topsoil to 4.0 m	4.0 m
ASQC007	White sand from topsoil to 4.0 m	4.0 m
ASQC008	Cream sand from topsoil to 4.0 m	4.0 m
ASQC009	Cream sand from topsoil to 4.0 m	4.0 m
ASQC010	White sand from topsoil to 4.0 m	4.0 m
ASQC011	Yellow sand from topsoil to 3.0 m	3.0 m
ASQC012	Cream sand from topsoil to 4.0 m	4.0 m
ASQC013	Mottled yellow/white sand from topsoil to 4.0 m	4.0 m
ASQC014	Mottled yellow/white sand from topsoil to 3.5 m	3.5 m
ASQC015	White sand from topsoil to 4.0 m	4.0 m

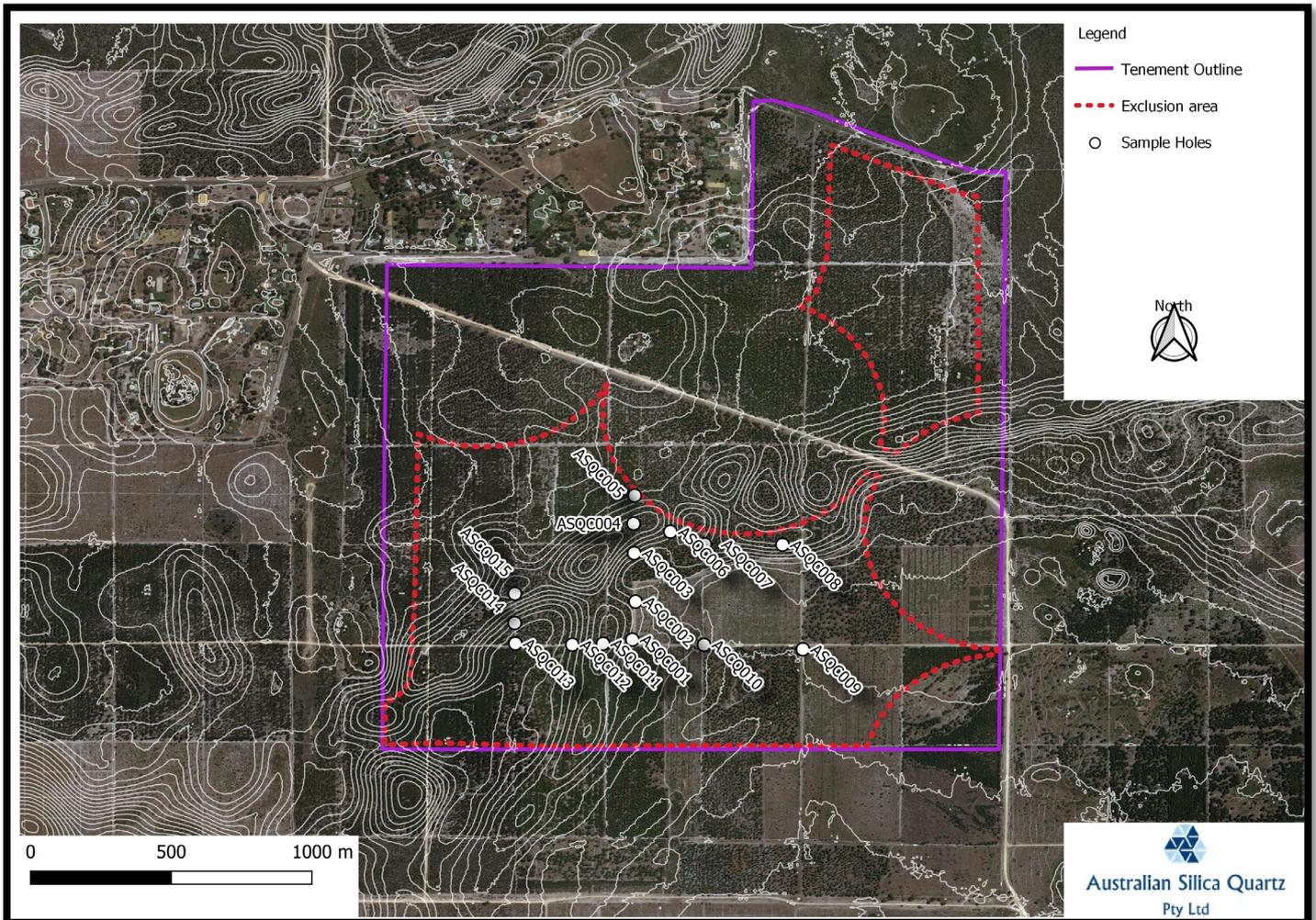


Figure 3 – Urban Resources’ Tenement M70/1329 scout test pits undertaken

### Esperance Field Work

A recent field trip to the Esperance area confirmed the presence of white sand in roadside samples collected from East Esperance ASQ tenement E63/1853. An additional area with the potential for extensive deposits of white silica sand was identified east of E63/1853 and approximately 50 km east of the Port of Esperance by well-formed local roads. Roadside samples from these areas were collected and have been submitted to TSW Analytical in Perth for analysis. Results have not yet been reported. Once received these sample results will be considered and it is expected that land access on private cleared freehold farmland will be established and scout hand auger drill programs will be undertaken in areas of high prospectivity.

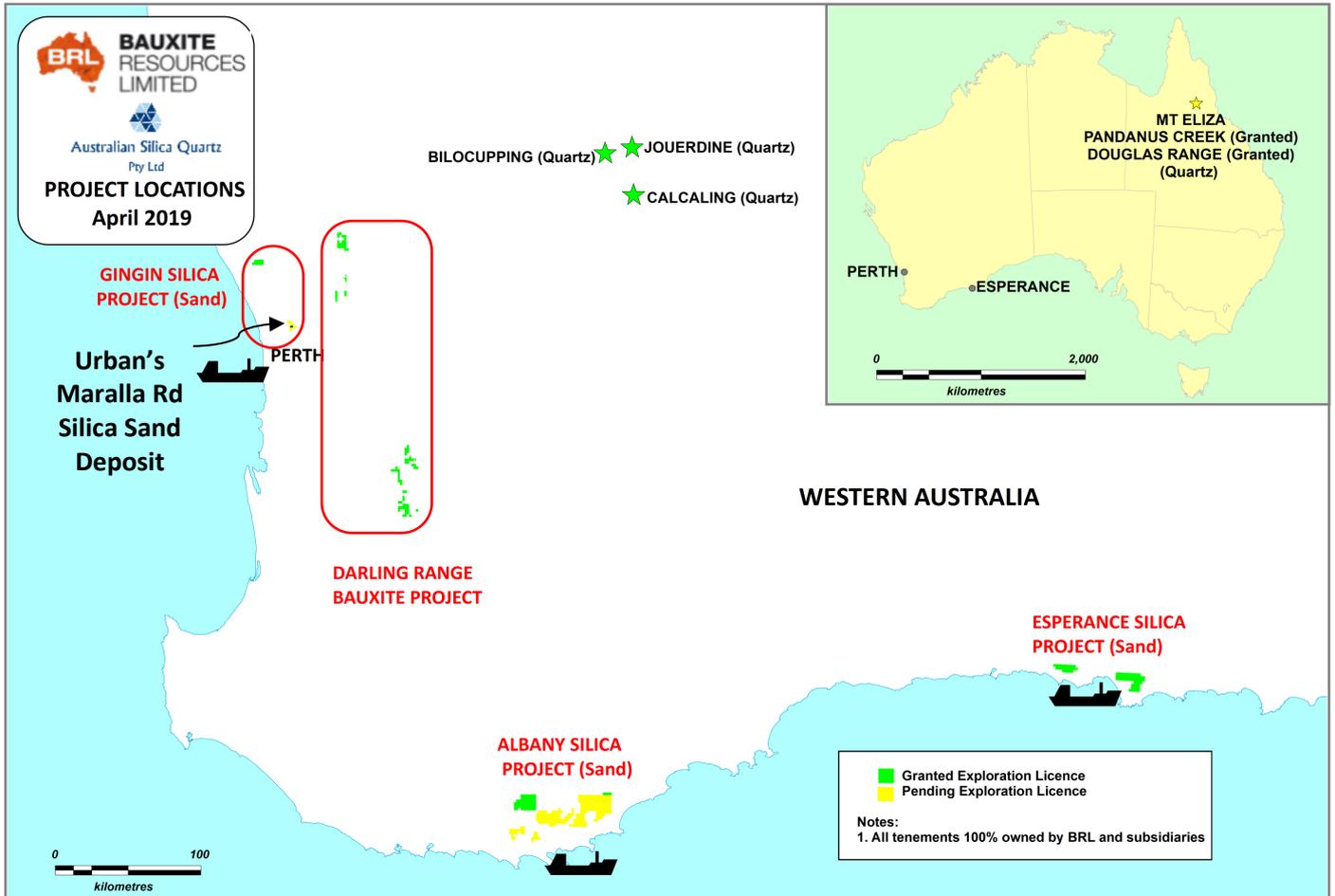


Figure 3: BRL Project Locations

For further company details please visit [www.bauxiteresources.com.au](http://www.bauxiteresources.com.au) or contact:

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**Competent persons statement**

The information in this document that relates to the testing of the Urban Resources Silica Sand is based on data collected under the supervision of Mr Nick Algie, in his capacity as Exploration Manager for Bauxite Resources. Mr Algie is a registered member of the Australian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience that is relevant to the type of deposit and style of mineralisation under consideration to qualify as a competent person under the 2012 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Algie consents to the inclusion of the data in the form and context in which it appears.



### **Forward Looking Statements**

This report may include forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, or other similar words and may include, without limitation, statements regarding plans, strategies, and objectives of management. Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company’s actual results, performance and achievements to differ materially from anticipated results, performance or achievements. Forward looking statements are based on the Company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company’s business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company’s control. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.