

# BAUXITE RESOURCES LIMITED

## SEPTEMBER 2019 QUARTERLY REPORT

### Highlights

- The Company continues to receive a high level of interest from potential customers. Silica sand samples have been dispatched and negotiations on terms of trade are on-going
- The Company has hosted a number of overseas delegations interested in offtake or joint venture opportunities
- 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 Bullsbrook tenement M70/326<sup>(1)</sup> (refer to the Company's ASX release dated 23 April 2019: Marella Road Silica Sand Deposit Maiden Resource)
- Spiral and up current classifier trials are underway to confirm the final configuration of the upgraded washing plant, determine the expected sand product characteristics and generate a bulk sample to provide to potential end users
- Work continued on silica sand projects at Albany, Esperance and Gingin and hard-rock quartz projects in the South West of WA and Far North Queensland. An additional hard-rock quartz exploration tenement has been applied for in WA's Wheatbelt
- The Company continues to seek a Joint Venture partner to assist in fast tracking the development and funding of the Albany Silica sand project following the high level of interest for offtake of the Company's silica products
- Work continued to evaluate the potential for economic development on HD Mining Bauxite JV tenements. The current bauxite resource base is 93.2Mt Inferred Mineral Resource and 1.5Mt Indicated Mineral Resource (refer full detail in the 23 April 2018 Announcement – 48% increase in Bauxite Resource at Ceres Deposit in Darling Range, WA). HD Mining have an 'earn in' of up to 60% on a decision to mine
- Cash at bank at 30 September 2019 was A\$3.74m. The Company has no debt and additional assets including two unencumbered rural properties in the Bindoon area of Western Australia

29 October 2019



**ASX Code: BAU**

**BAUXITE RESOURCES LTD**

**ABN: 72 119 699 982**

**DIRECTORS:**

**Robert Nash**

Non Executive Chairman

**Luke Atkins**

Non Executive Director

**Neil Lithgow**

Non Executive Director

**Zhaozhong Wang**

Non Executive Director

**CHIEF EXECUTIVE OFFICER AND  
COMPANY SECRETARY:**

Sam Middlemas

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1. 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.



## **SPIRAL AND UP CURRENT CLASSIFIER TRIALS**

The Company has commissioned Allied Mineral Laboratories in Perth to complete Spiral and Up Current Classifier trials on approximately 1,000 kg of washed sand from M70/326. These trials have been completed and results are yet to be received. It is expected that the spiral and classifier circuit will be effective in removing the traces of heavy mineral grains present and any residual clay particles along with any organic material still present in the sand after preliminary washing.

Depending on the results, it is not anticipated that the sand will require attritioning or magnetic separation to achieve a saleable product however these techniques may be considered at a later date to further upgrade the product line.

## **PRELIMINARY ENGINEERING COMPLETED**

Urban Resources, in conjunction with ASQ, have engaged process engineers to complete the engineering for the required plant upgrade on an EPCM basis. The preliminary design has been completed. The detailed design drawings and final equipment selection will commence once all necessary conditions precedent have been satisfied. It is expected that the plant upgrade will include upstream classifying, spiral circuit, dewatering screen and stockpiling.

## **FORMAL AGREEMENTS BETWEEN ASQ AND URBAN**

The Term Sheet between ASQ and Urban requires that the two companies enter into Formal Agreements within 150 days of the Term Sheet execution. This process is nearing completion and the finalisation of the agreement is expected to be completed once all necessary conditions precedent have been satisfied.

## **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. In excess of 25 groups are currently actively liaising with BRL on the silica products available now and those products BRL expects to have available in the future

Ongoing negotiations are continuing with a view to securing offtake for the company's washed sand product or pre-sales 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.





Roadside grab samples from the four Silica Sand Projects have returned encouraging results consistent with historically reported grades. Selected samples have been processed by washing, screening and density separation to give an indication of potential product characteristics with results up to 99.94% SiO<sub>2</sub> (BRL (2018). *Silica Sand and Hardrock Silica Quartz Project Updates*. ASX Release 14 December 2017).

#### **HARDROCK SILICA QUARTZ PROJECTS – WESTERN AUSTRALIA AND QUEENSLAND**

The company has three granted exploration licences and one application exploration licence in the South West of Western Australia and three granted exploration permits in Far North Queensland. The leases cover known quartz deposits with the potential to contain high purity silica. Land access efforts are underway with preliminary fieldwork planned for later in 2019.

A research and development program is underway utilising samples collected from the companies tenement package. The program is investigating innovative processing techniques that could yield high purity product from high grade silica sand or quartz.

#### **BAUXITE EXPLORATION ACTIVITIES UNDERTAKEN UNDER THE JOINT VENTURE WITH HD MINING**

In 2010 the Company entered into a JV with HD Mining & Investment Pty Ltd (HD Mining) a wholly-owned subsidiary of the Shandong Bureau No1 Institute for Prospecting of Geology & Minerals (Shandong) to explore for bauxite. The JV provides for HD Mining to fund 100% of exploration and feasibility costs for HD Mining to earn:

- (a) a 40% interest in any defined area of exploration on the making a binding commitment by HD Mining to undertake a detailed feasibility study for the commercial mining of the defined area; and
- (b) a further 20% interest in a defined area upon completion of the feasibility study and the making by the JV committee of a decision to commence mining.

The current JV resource stands at 94.7Mt and consists of 93.2Mt Inferred Mineral Resource and 1.5Mt Indicated Mineral Resource (refer full detail in the 23 April 2018 Announcement – *48% increase in Bauxite Resource at Ceres Deposit in Darling Range, WA*).

BRL and HD Mining continue to evaluate the potential for economic development of the Dionysus and the combined Ceres/Athena resource areas (Athena: 36.2Mt, 32.8% available alumina, 2.8% reactive silica, see ASX announcement 15/07/14, Dionysus: 20.3Mt, 32.6% available alumina, 3.4% reactive silica, see ASX announcement 24/03/14, Ceres 21.9Mt, 31.4% available alumina, 3.2% reactive silica, see ASX announcement 23/04/18).

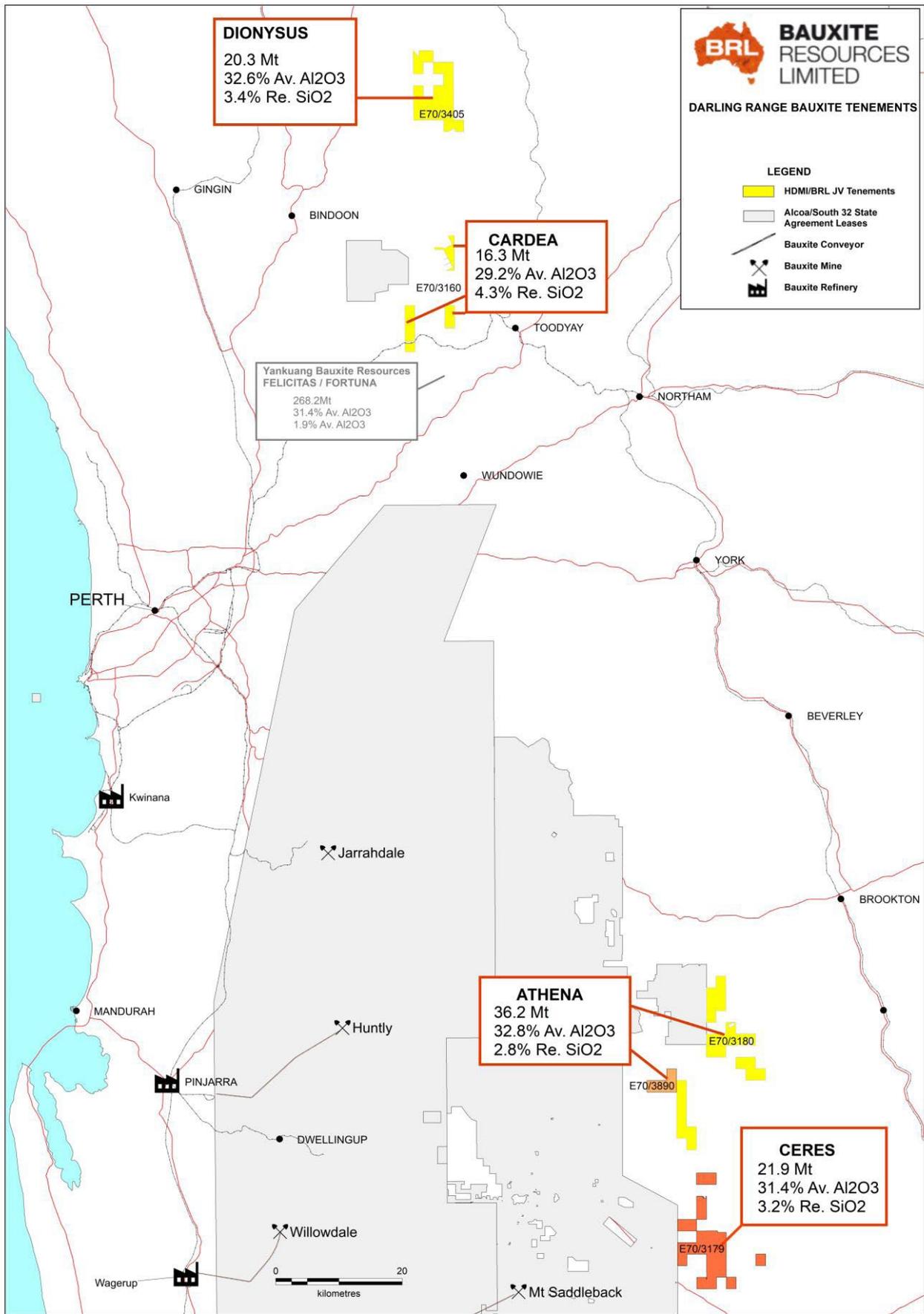


Figure 3 – BRL/HD JV Mining Darling Range bauxite tenement holding and resource locations



## **CORPORATE**

### **Cash Position and Shareholder Information**

Bauxite Resources is in a strong financial position with significant cash reserves and no debt. As at 30 September 2019 the Company held AU\$3.74 million in cash.

As at 30 September 2019 the Company had 989 shareholders and 214,422,336 fully paid ordinary shares on issue with the top 20 shareholders holding 74.14% of the total issued capital. It also has 11 million Performance Rights subject to a Performance Hurdles over 2 years, which if achieved will convert into 19.9 million fully paid ordinary shares.

### **Future Operations**

The Board will continue to focus on its Silica and Bauxite Projects, and seek to enhance the value of these through exploration and development activities.

The Board will continue to manage the Company in the best manner in which to maximise returns to shareholders.

**Sam Middlemas, CEO, Bauxite Resources Ltd**

**29 October 2019**

### **Competent persons statement**

The information in this document that relates to exploration results 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.

**SCHEDULE OF MINING TENEMENTS HELD AS AT 30 September 2019 (all 100% owned)**

<b>Tenement</b>	<b>Location/ Tenement Name</b>	<b>Status</b>
E70/3160 (a)	Toodyay – Darling Range	Granted
E70/3405 (a)	Victoria Plains – Darling Range	Granted
E70/3179 (a)	Congelin – Darling Range	Granted
E70/3180 (a)	Dattening – Darling Range	Granted
E70/3890 (a)	Wandering – Darling Range	Granted
E63/1853	Merivale	Granted
E70/4983	Narrikup	Granted
E70/5070	Jouerdine	Granted
E70/5071	Bilocupping	Granted
E70/5072	Calcaling	Granted
EPM 26727	Pandanus Creek	Granted
EPM 26741	Douglas Range	Granted
E70/5058	Quin Brook	Granted
EPM 26702	Mt Eliza	Granted
E70/5184	Hassell	Granted
E70/5202	Kalgan	Granted
E63/1926	Telegraph Road	Granted
E63/1962	Merivale East	Granted
E70/4982	Green Range	Application
E70/5144	Warbrook	Application
E70/5241	Redmond West	Application
E70/5242	Redmond East	Application
E70/5243	Redmond South	Application
E70/5262	Cheyne	Application
E70/5270	Ridgetop	Application
E70/5288	Potts Rd	Application

- a) These tenements form the HD Mining & Investments Joint Venture. Under the terms of the Joint Venture, HD Mining is required to fund 100% of all exploration and feasibility costs to earn up to 60% of the bauxite rights. HD Mining is currently working towards obtaining a 40% interest in the bauxite rights on the tenements. This will be triggered if HD Mining enters into a binding commitment to undertake a feasibility study on the tenements. Should HD Mining and BRL make a decision to mine, HD Mining will earn an additional 20% interest in bauxite rights. BRL maintains 100% interest in other minerals. At the date of this report BRL still has 100% interest in bauxite on these tenements.

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Bauxite Resources Limited

### ABN

72 119 699 982

### Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	43	43
1.2 Payments for		
(a) exploration & evaluation	(192)	(192)
(b) development	-	-
(c) production	-	-
(d) staff costs	(7)	(7)
(e) administration and corporate costs	(239)	(239)
(f) take-over defence	-	-
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	21	21
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(374)</b>	<b>(374)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(1)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1)</b>	<b>(1)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Capital Return approved 30/1/2018)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,117	4,117
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(374)	(374)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(1)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,742</b>	<b>3,742</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	142	517
5.2 Call deposits	3,600	3,600
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,742</b>	<b>4,117</b>

**6. Payments to directors of the entity and their associates**

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	133
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	N/A
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Item 6 includes amounts paid to directors as follows:

Salary&Super	46k
Consulting fee	75k
Rent of premises paid to associates	12k

**7. Payments to related entities of the entity and their associates**

	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	151
9.2 Development	-
9.3 Production	-
9.4 Staff costs	26
9.5 Administration and corporate costs	265
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>442</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A	N/A	N/A	N/A
10.2 Interests in mining tenements and petroleum tenements acquired or increased	E70/5288 – Potts Rd	Application	0	100%

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:   
.....  
(Director/Company secretary)

Date: 29 October 2019

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.