

BAUXITE RESOURCES LIMITED

DECEMBER 2015 QUARTERLY REPORT

Highlights

- Cash at bank at 31 December 2015 was A\$21.1 million and no debt (Cash balance after completion of Yankuang transaction on 21 January 2016 approx. A\$27.1 million)
- Quarter exploration activities were minimal within the Bauxite Alumina Joint Venture (BAJV) as activities were focused on the completion of the sale of BRL's interest in the BAJV to Yankuang
- BRL remains in its joint venture with HD Mining (HDJV) under which all exploration and study costs are met by HD Mining. The current resource base is 87.8Mt – HD Mining have an 'earn in' of up to 60% on decision to mine.

Post Quarter Developments

- Completion of the sale of BRL's interest in the BAJV occurred on 21 January 2016. Key Changes made as a consequence of this are as follows:
 - BRL received net cash funds of \$6m from the sale of its interest in the BAJV for \$7.15m and the buy-back by BRL of Yankuang's shares for \$1.15m;
 - BRL will receive a royalty from the sale of all bauxite mined from the BAJV tenements (equivalent to 50c/tonne up to 100 million* tonnes);
 - BRL completed the buy-back and cancelled 19.7m shares held by Yankuang; and
 - Yankuang's representative Mr Cunliang Lai resigned from the BRL Board.
- BRL will actively consider capital management initiatives and new investment opportunities within and outside the mining sector
- BRL's ongoing costs have been substantially reduced and the company will continue to review all costs going forward

*Subject to the successful assignment of the Fortuna bauxite rights to Yankuang within 3 months of completion. If this does not occur then BRL will retain the Fortuna deposit and the royalty will only be payable on the first 87m tonnes.

28 January 2016



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

Head Office:

Level 2, Building E
Garden Office Park
355 Scarborough Beach Rd
Osborne Park WA 6017

Mail:

PO Box 1315
Osborne Park WA 6916
T: +61 8 9200 8200
F: +61 9 9200 8299
E: admin@bauxiteresources.com.au
W: www.bauxiteresources.com.au

Share Registry:

Security Transfer Registrars
PO Box 535
Applecross WA 6953
T: +61 8 9315 2333
F: +61 8 9315 2233



ACTIVITY SUMMARY FOR DECEMBER 2015 QUARTER

During the quarter exploration activities were minimal within the Bauxite Alumina Joint Venture (BAJV) as activities were focused on the completion of the sale of BRL's interest in the BAJV to Yankuang and on other administrative measures to reduce ongoing corporate expenditure. Completion of the Yankuang transaction occurred on 21 January 2016 (refer details below).

EXPLORATION ACTIVITIES UNDERTAKEN UNDER THE JOINT VENTURE WITH HD MINING

Background

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.

Current Activities

Current fiscal restraints advised in the last quarter have led to HD Mining deferring a decision to commence a feasibility study for the HDJV's Dionysus project. Water level monitoring continues at Dionysus.

A meeting has been scheduled for February to determine the way forward for the HDJV following delays from HD Mining in meeting its JV contribution commitments over the last quarter.

CORPORATE

Completion of Sale of Yankuang Joint Venture Interest and Buy-Back of Shares

As announced on 21 January 2016, following shareholder approval on 18th January 2016, completion occurred on the sale of BRL's interest in the joint ventures with its Chinese partner Yankuang Resources for \$7.15m and the buy-back of Yankuang's 19,700,00 shares for \$1.15m.

As a consequence of the transaction the following changes have occurred:

- o BRL's net cash funds have increased by \$6m, being the difference between the sale price of \$7.15M received for its interest in the BAJV and the buy-back sum of \$1.15M paid by BRL for Yankuang's shares in BRL;
- o BRL has a royalty right of 0.9% of the FOB price (presently estimated to be worth approx. 50 cents per tonne) from the sale of all bauxite mined from the Felicitas and Fortuna tenements. The royalty is payable on the first 100 million tonnes of bauxite mined but is subject to a reduction to 87 million tonnes if the Fortuna tenement holder does not agree to consent to the assignment of BRL's bauxite rights in the Fortuna tenements to Yankuang within 90 days of 21 January 2016;



- Following the cancellation of the 19,700,000 shares the subject of the buy-back, the total shares on issue will be reduced to 214,302,336 shares;
- Yankuang's representative Mr Cunliang Lai has resigned from the BRL Board; and
- BRL has no further obligations under the BAJV to continue to fund the joint ventures, which has substantially reduced BRL's ongoing costs of operation.

Cash Position and Shareholder Information

Bauxite Resources is in a strong financial position with significant cash reserves and no debt. As at 31 December 2015 the Company held AU\$21.1 million in cash.

Following completion of the Yankuang transaction on 21 January 2016, the company received net proceeds of \$6m (increasing cash funds to \$27.1m), and the number of shares on issue were reduced from 234,002,336 to 214,302,336.

Future Operations

The Board is now focussed on identifying new opportunities both within and outside the mining industry and will undertake reviews of new projects in the coming months. The Company's current cash burn rate is in the process of being reduced significantly, and the revised budgeted cost of operations will be expected to reduce to less than \$350k/quarter (before any interest receipts) and all surplus assets will be reviewed and rationalised in an orderly manner as markets allow for reasonable prices to be achieved.

The Board will continue to manage the Company in the best manner in which to maximise returns to shareholders and these may include various capital management initiatives.

Sam Middlemas, CEO, Bauxite Resources Ltd

28 January 2016

The Company advises that this material contains summaries of Mineral Resources as defined in the JORC Code 2012, and confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions continue to apply.

Schedule of interests in mining tenements as at 31 December 2015

BRL TENEMENTS (100%)

BRL retain 100% interest in bauxite and other minerals on the following tenements

Tenement	Location
Darling Range Tenements (Granted)	
E70/3652	Quanaming
E70/4342	Narrogin
E70/4586	Newdale
E70/4595	Carrabening Pool
E70/4619	Yarawindah
E70/4635	Ebanazer Flats
Darling Range Tenements (Application)	
E70/4300	Quindanning

BRL TENEMENTS (BAUXITE RIGHTS ONLY)

BRL retain 100% bauxite interest on the following tenements

Tenement	Location
Darling Range Tenement (Granted)	
E70/2230	Wundowie

HD MINING & INVESTMENTS JOINT VENTURE TENEMENTS

The JV requires HD Mining 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 40% interest in the bauxite rights on the tenements below. 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 these tenements.

Tenement	Location
Darling Range Tenements (Granted)	
E70/3160	Toodyay
E70/3405	Victoria Plains
E70/3179	Congelin
E70/3180	Dattening
E70/3890	Wandering
Darling Range Tenements (Application)	
E70/3599	Goodenine Pool

YANKUANG JOINT VENTURE INTERESTS

Bauxite Resources Limited has 30% interest in the bauxite rights on the tenements below. BRL retain 100% interest in other minerals except for iron on tenement E70/3900. BRL retain 100% interest in other minerals on all other tenements below except E70/3366 and E70/3730.

Tenement	Location	Tenement	Location
Darling Range Tenements (Granted)		Darling Range Tenements (Application)	
E70/3366	Mackrin Hill	E70/3206	Mt Gorrie
E70/3730	Bakers Hill	E70/3193	Beechina
E70/3002	Berry Brow	E70/3528	Avon Valley
E70/3007	Gillingarra	E70/3537	Bald Hill
E70/3064	Bindoon	E70/3707	Trig Road
E70/3159	Jimperding	E70/4010	Woorooloo
E70/3432	West Toodyay	E70/4011	Keating Road
E70/3598	Coolingoot	E70/3485	Taurus
E70/3731	Bakers Hill	E70/3205	Hotham
E70/3900	Jimperding Hill	E70/3471	Boyup Brook
E70/4021	Miwana	E70/3472	Mairdebring
E70/4022	Boononging	E70/3486	Coodjatotine
E70/3651	Mt Talbot	E70/3746	Dryandra
E70/3488	Kokendin	E70/3102	Collie Road
E70/3565	Dinninup	E70/3194	Jarrahdale
E70/3573	Condinup	E70/3195	Harvey
E70/3624	Mokup Hill	E70/3196	Dandalup
E70/3644	Moodiarrup	E70/3197	Pt Solid
		E70/3204	Wugong

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, 01/05/2013

Name of entity

Bauxite Resources Limited

ABN

72 119 699 982

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	64	211
1.2 Payments for (a) exploration & evaluation	(304)	(723)
(b) development	(62)	(101)
(c) production	-	-
(d) administration	(910)	(1,688)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	159	329
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(1,053)	(1,972)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	220	259
1.10 Loans to other entities	(196)	(196)
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	24	63
1.13 Total operating and investing cash flows (carried forward)	(1,029)	(1,909)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,029)	(1,909)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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 (provide details if material)	(2)	(2)
	Net financing cash flows	(2)	(2)
	Net increase (decrease) in cash held	(1,031)	(1,911)
1.20	Cash at beginning of quarter/year to date	22,118	22,998
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	21,087	21,087

Payments to directors of the entity, associates of the directors, 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	387
1.24	Aggregate amount of loans to the parties included in item 1.10	N/A

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. Included in this quarter's amount are termination payments of \$218k.

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

--

+ See chapter 19 for defined terms.

- 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	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	70
4.2 Development	-
4.3 Production	-
4.4 Administration	260
Total	330

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	585	488
5.2 Deposits at call	20,502	21,630
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	21,087	22,118

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	E70/3618 Surrendered	100%	0%
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil		

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	Preference securities (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	234,002,336	234,002,336	
7.4	Changes during quarter (a) Increases through issues (performance rights) (b) Decreases through returns of capital, buy-backs	2,000,000 -	2,000,000 -	Nil -
7.5	+Convertible debt securities (description)			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (<i>description and conversion factor</i>)	2,000,000	-	<i>Exercise price</i> 36 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 Debentures (<i>totals only</i>)				
7.12 Unsecured notes (<i>totals only</i>)				
7.13 Performance Rights (<i>totals only</i>)	120,000	-		

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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: 28 January 2015

Print name:

Sam Middlemas

+ See chapter 19 for defined terms.

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 and petroleum 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 or petroleum 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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.

== == == == ==