

COMPLETION OF SALE OF YANKUANG JOINT VENTURE INTEREST AND BUY-BACK OF SHARES

Bauxite Resources Limited ('BRL') advises that completion of the sale of BRL's interest in the Bauxite Alumina Joint Ventures ('BAJV'), and the Buy-back of all of Yankuang's shares in BRL, occurred this morning following BRL Shareholder approval of the transaction at the EGM held on 18th January 2016.

The key changes for BRL, as a consequence of this, are as follows:

- 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;
- 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.

* The royalty is payable on 100m tonnes, subject to the successful assignment of the Fortuna bauxite rights to Yankuang within 3 months of completion. If this does not occur then Bauxite will retain the Fortuna deposit and the royalty will only be payable on the first 87m tonnes. The royalty is based on 0.9% of FOB price paid in respect of bauxite sales – this has been estimated at 50c/tonne based on current bauxite prices and A\$/US\$ rate.

DATE: 21 January 2016

ASX Code: BAU

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