

BAUXITE RESOURCES LIMITED

MARCH 2016 QUARTERLY REPORT

Highlights

- **Completion of the sale of BRL's interest in the BAJV occurred on 21 January 2016. Key Changes made as a consequence of this were 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 and the Fortuna tenement (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.

- **Cash at bank at 31 March 2016 was A\$27.3 million and no debt**

- **Exploration activities were minimal for the quarter in its remaining joint venture with HD Mining (HDJV) under which all exploration and study costs are met by HD Mining, as issues relating to future operations are discussed in detail. The current resource base is 87.8Mt – HD Mining have an 'earn in' of up to 60% on decision to mine.**

- **BRL actively considering 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**

28 April 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

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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, and a reduction of exploration to minimal levels.

Negotiations are being undertaken to determine the way forward for the HDJV following continued delays from HD Mining in meeting its JV contribution commitments over the last two quarters.

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 19,700,000 shares for \$1.15m.

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

- o BRL's net cash funds 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 the first 100 million tonnes of bauxite mined from the Felicitas and Fortuna tenements. Mercator Metals Pty Ltd executed the Deed of Variation & Assumption on the Fortuna tenement required under the Yankuang Sale Agreement to approve the assignment of the Fortuna bauxite rights on 20 April 2016, which will now be included in the royalty;
- o Following the cancellation of the 19,700,000 shares the subject of the buy-back, the total shares on issue have been reduced to 214,302,336 shares;
- o Yankuang's representative Mr Cunliang Lai has resigned from the BRL Board; and
- o 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 March 2016 the Company held AU\$27.3 million in cash.

Future Operations

The Board is now focussed on identifying new opportunities both within and outside the mining industry and is undertaking reviews of new projects.

The Company's current cash burn rate has been reduced significantly, and it is expected to maintain these levels in the near term with surplus assets continuing to 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 April 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.

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 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	45	256
1.2 Payments for (a) exploration & evaluation	(109)	(832)
(b) development	-	(101)
(c) production	-	-
(d) administration	(191)	(1,879)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	163	492
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	(92)	(2,064)
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 (BAJVs)	7,150	7,150
(c) other fixed assets	34	293
1.10 Loans to other entities	(54)	(250)
1.11 Loans repaid by other entities	50	50
1.12 Other (Return of security deposit)	322	322
Other (Net movement from dissolution of BAJVs investment)	(46)	(46)
Net investing cash flows	7,456	7,519
1.13 Total operating and investing cash flows (carried forward)	7,364	5,455

+ 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)	7,364	5,455
	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 (Yankuang selective share buyback)	(1,150)	(1,150)
	Other (Share issue costs)	-	(2)
	Net financing cash flows	(1,150)	(1,152)
	Net increase (decrease) in cash held	6,214	4,303
1.20	Cash at beginning of quarter/year to date	21,087	22,998
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	27,301	27,301

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	94
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.

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

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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	97
4.2 Development	-
4.3 Production	-
4.4 Administration	209
Total	306

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	497	585
5.2 Deposits at call	26,804	20,502
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	27,301	21,087

+ 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	E70/4342 E70/4635	Surrendered Surrendered	100% 100%	0% 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	214,302,336	214,302,336	
7.4	Changes during quarter (a) Increases through issues (performance rights) (b) Decreases through returns of capital, buy-backs	- 19,700,000	- 19,700,000	- -
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>)	-	-	<i>Exercise price</i> -	<i>Expiry date</i> -
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	2,000,000		36 cents	22/02/2016
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 April 2016

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.

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