

BAUXITE RESOURCES LIMITED

DECEMBER 2018 QUARTERLY REPORT

Highlights

- The Company executed a binding terms sheet with Urban Resources Pty Ltd to jointly exploit Urban's Silica Sand deposit located in Bullsbrook, Western Australia
- Urban has operated the mine for the last five years and produced over 1Mt from the deposit in the last financial year
- After the installation of an upgrade to the current plant, the mine is expected to produce a high quality sand product with 99.93% silica and iron levels less than 0.012%
- BRL has retained the services of Stephen Elliott, sole director of Urban, as a consultant to the Company. Stephen has worked for over 30 years in the sand mining industry focussed on processed sands for supply to the construction industry as well as export silica with his former employer Rocla
- Work continued on silica sand projects at Albany, Esperance and Gingin and hard-rock quartz projects in Halls Creek, South West WA and Far North Queensland
- 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 a 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 31 December 2018 was A\$4.5m. The Company has no debt and additional assets including two rural properties in the Bindoon area of Western Australia

30 January 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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SILICA

Agreement with Urban Resources

A binding agreement was executed with Urban Resources Pty Ltd to jointly exploit Urban's Silica Sand deposit located in Bullsbrook, Western Australia, in the same location as the ASQ Gingin Silica Sand Project. The agreement is subject to a number of conditions including completion of legal due diligence. A more detailed formal agreement will be entered into within 150 days.

Urban has operated the mine for the last five years with over 1 million tonnes mined from the deposit in the last financial year. Urban will run the mine operations using its current staff and equipment together with the additional equipment to be acquired by ASQ, with each party providing its services at its cost and profits will be split equally. ASQ will run the marketing and sales operations and will fund the additional equipment up to \$1.25 million required to purify and upgrade the mined sand. After washing, the mined sand is expected to produce a product with 99.953% silica and iron levels less than 0.012% (refer full details in the 21 January announcement *Update on Silica Sand Term Sheet*).

BRL has retained the services of Stephen Elliott, sole director of Urban, as a consultant to the Company. Stephen has worked for over 30 years in the sand mining industry focussed on processed sands for supply to the construction industry as well as export silica with his former employer Rocla (refer full details in the 21 January announcement *Update on Silica Sand Term Sheet*).

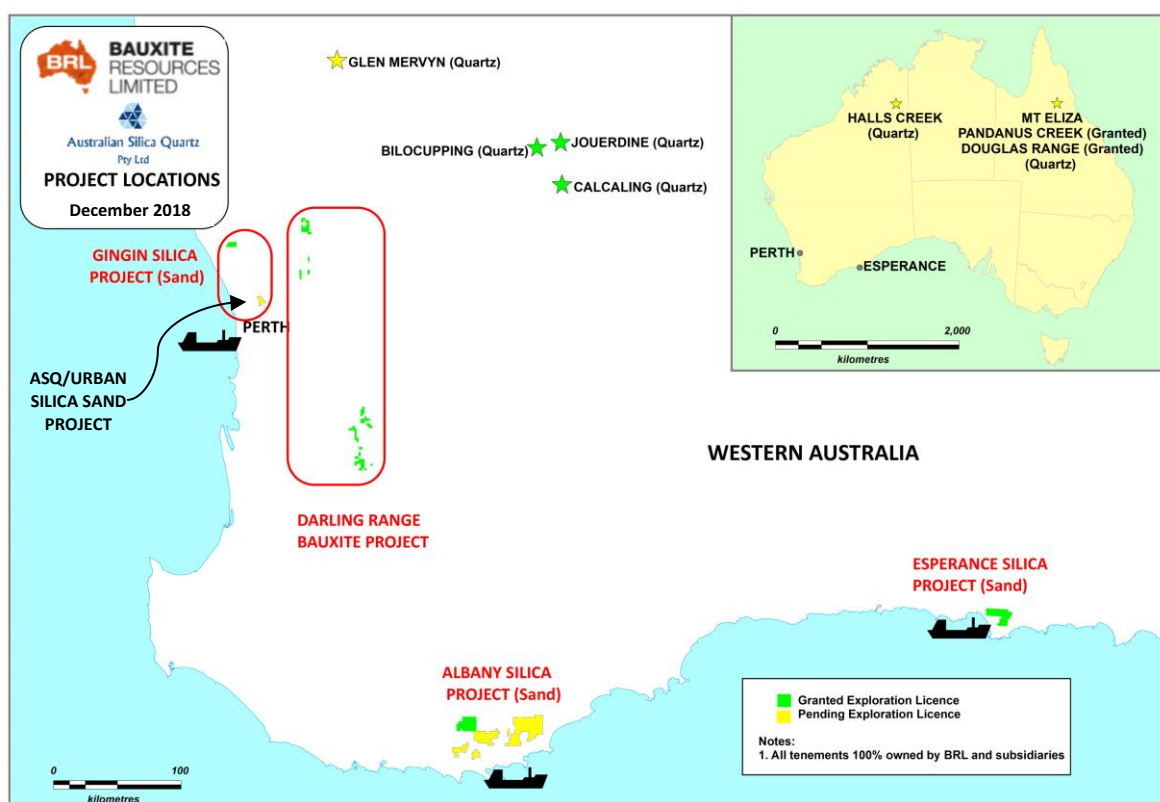


Figure 1 – BRL Bauxite & ASQ Silica Project Locations

The Company has acquired a range of silica sand and hardrock projects by exploration licence applications 100% held by BRL's wholly owned subsidiary Australian Silica Quartz Pty Ltd (ASQ). These



projects now consist of 9 granted exploration licences and 8 applications covering approximately 1,370km² within Western Australia and Queensland.

SILICA SAND PROJECTS – GINGIN, ALBANY AND ESPERANCE

The Gingin Silica Sand Project consists of one granted and one application exploration licences located 20-70km north of Perth, the Albany Silica Sand Project consists of one granted exploration licence and six exploration application licences within 10-70km of the Port of Albany, the East Esperance Silica Sand Project consists of a single granted exploration licence 15km East of the Port of Esperance and the West Esperance Silica sand Project consists of a single exploration licence application 15km West of Esperance.

Desktop assessment of historical exploration data across the several silica sand projects is well advanced along with investigations into logistics and market considerations. Areas of interest have been identified and land access options are being accessed.

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% SiO₂ (refer full detail in the 14 December 2017 announcement *Silica Sand and Hardrock Silica Quartz Project Updates*).

Mineral and chemical characterisation of a selected sample from each sand project was carried out at a specialist silica laboratory in Germany indicating the sand should be suitable for the optical glass, glass sand, engineered stone and quartz filler markets. This conclusion is supported by the number of trade enquiries the company has received for large volumes of high quality sand.

HARDROCK SILICA QUARTZ PROJECTS – WESTERN AUSTRALIA AND QUEENSLAND

The company has three granted exploration licences 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 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 material.



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).

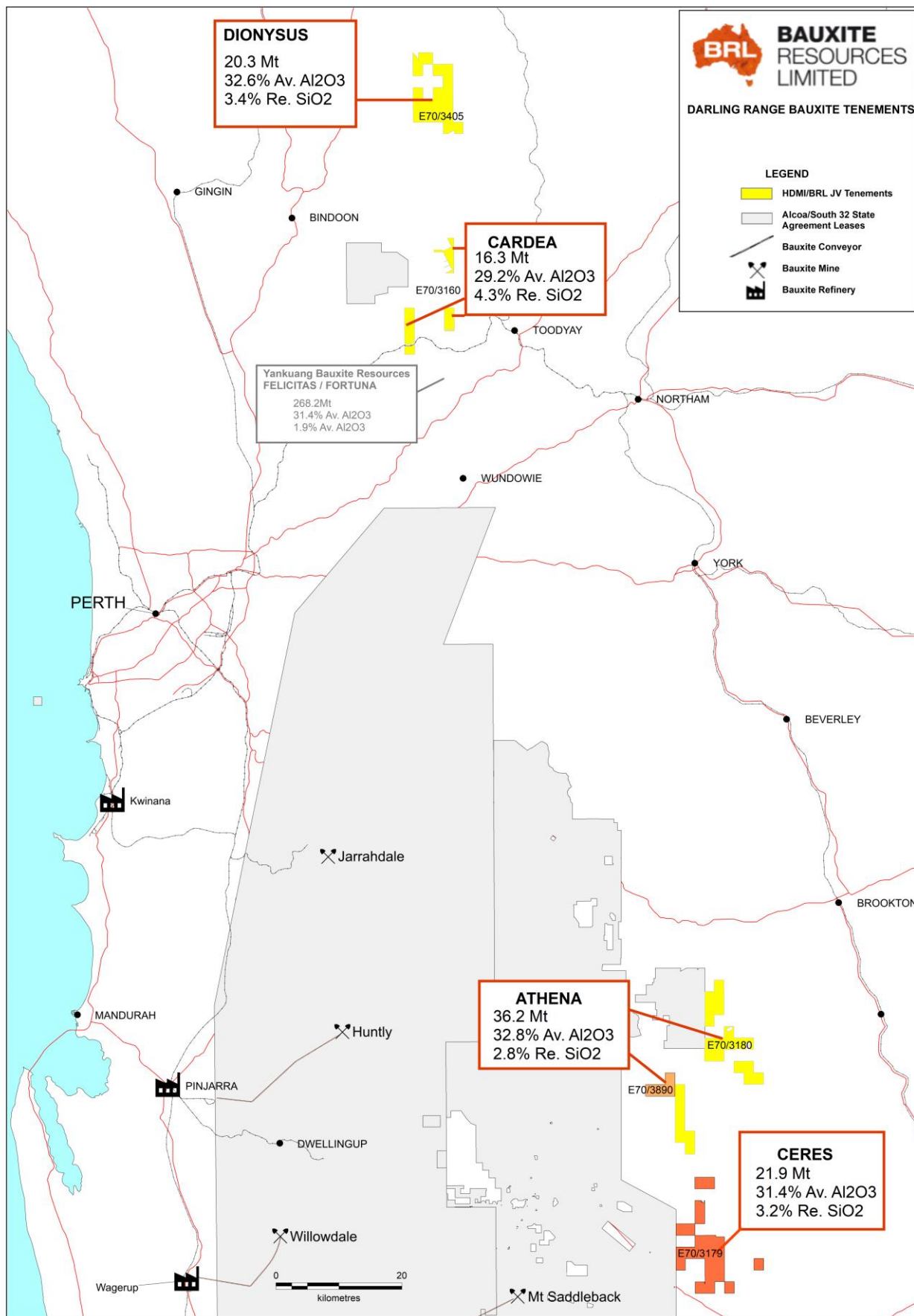


Figure 2 – BRL/HD JV Mining Darling Range bauxite tenement holding and resource locations



CORPORATE

Cash Position and Shareholder Information

Bauxite Resources is in a strong financial position with significant cash reserves and no debt. As at 31 December 2018 the Company held AU\$4.5 million in cash.

As at 31 December 2018 the Company had 1,049 shareholders and 214,422,336 fully paid ordinary shares on issue with the top 20 shareholders holding 73.51% of the total issued capital. It also has 16.5 million Performance Rights subject to a Performance Hurdles over 2 years, which if achieved will convert into 29.8 million fully paid ordinary shares (refer further details attached).

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

30 January 2019

Competent Persons Statement

The information in this report that relates to the HD Mining Joint Venture (HDJV) resource base as a whole and silica testwork results were compiled by Nick Algie. Mr Algie is a qualified geologist and a full time employee of Bauxite Resources Limited (BRL). He is a shareholder in BRL and is entitled to participate in BRL's employee performance plan, details of which are included in BRL's 2018 Remuneration Report. Mr Algie is a member of the Australian Institute of Mining and Metallurgy, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Algie has consented to the inclusion in this report of material in the form and context in which it appears.

SCHEDULE OF MINING TENEMENTS HELD AS AT 31 December 2018 (all 100% owned)

Tenement	Location/ Tenement Name	Status
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
EPMA 26727	Pandanus Creek	Granted
EPMA 26741	Douglas Range	Granted
E70/5058	Quin Brook	Granted
EPMA 26702	Mt Eliza	Granted
E70/4982	Green Range	Application
E70/5014	Redmond West	Application
E70/5015	Redmond East	Application
E70/5016	Redmond South	Application
E70/5144	Warbrook	Application
E70/5184	Hassell	Application
E70/5202	Kalgan	Application
E63/1926	Telegraph Road	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.

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	E80/5160 Halls Creek	Withdrawal	100%	0%
		E70/5069 Glen Mervyn	Withdrawal	100%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	E63/1926 Telegraph Road	Application	0%	100%



SCHEDULE OF PERFORMANCE RIGHTS AND PERFORMANCE HURDLES AS AT 31 December 2018

Number of Performance Rights	Tranche	Performance Hurdle	Shares issued upon vesting
5,499,995	Tranche 1	The 10 day VWAP of the Company's Shares exceeds 7.6 cents per share on 10 May 2019.	9,935,475
5,500,002	Tranche 2	The 10 day VWAP of the Company's Shares exceeds 9.7 cents per share on 10 November 2019.	9,935,489
5,500,003	Tranche 3	The 10 day VWAP of the Company's Shares exceeds 11.8 cents per share on 10 November 2020.	9,935,490

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 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	66	157
1.2 Payments for		
(a) exploration & evaluation	(110)	(211)
(b) development	-	-
(c) production	-	-
(d) staff costs	(21)	(50)
(e) administration and corporate costs	(205)	(439)
(f) take-over defence	-	-
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	31	69
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	58
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(239)	(416)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(5)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
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)	-	-
2.6	Net cash from / (used in) investing activities	(4)	(5)

3.	Cash flows from financing activities		
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)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,751	4,929
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(239)	(416)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(5)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,508	4,508

5. Reconciliation of cash and cash equivalents 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	208	201
5.2 Call deposits	4,300	4,550
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,508	4,751

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	104
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	46
Consulting fee	50
Rent of premises paid to associates	8

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

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	318
9.2 Development	-
9.3 Production	-
9.4 Staff costs	22
9.5 Administration and corporate costs	232
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	572

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	E80/5160 Halls Creek	Withdrawal	100%	0%
	E70/5069 Glen Mervyn	Withdrawal	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	E63/1926 Telegraph Road	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: 
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(Director/Company secretary)

Date: 30 January 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.