

BAUXITE RESOURCES LIMITED

SEPTEMBER 2016 QUARTERLY REPORT

Highlights

- Exploration activities continued on the HD Mining (HDJV) tenements during the quarter with planning for exploration drilling on extensional areas of the Dionysus and Ceres projects, fully funded by HD Mining. The current resource base is 86.3Mt Inferred Mineral Resource and 1.5Mt Indicated Mineral Resource (refer full detail in the 2016 Annual Report Resources Statement) – HD Mining have an 'earn in' of up to 60% on decision to mine
- Lort River Lithium Project applications were granted during the quarter with land access and Native Title negotiations underway and desktop assessment progressing. The tenement lies between Pioneer Resources Limited and Metalicity Limited tenement holdings between Ravensthorpe and Esperance in Western Australia
- Cash at bank at 30 September 2016 was A\$16.8m. The Company has no debt and additional assets including two rural properties in the Bindoon area of Western Australia
- BRL continues to consider further 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

26 October 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.

The current JV resource stands at 87.8Mt and consists of 86.3Mt Inferred Mineral Resource and 1.5Mt Indicated Mineral Resource (refer full detail in the 2016 Annual Report Resources Statement).

Current Activities

Land access negotiations and program planning activities are underway with the aim of completing reconnaissance exploration drilling on extensional areas of the Dionysus (20.3Mt, 32.6% available alumina, 3.4% reactive silica, see ASX announcement 24/03/14) and Ceres (14.8Mt, 31.7% available alumina, 3.0% reactive silica, see ASX announcement 30/07/12) bauxite resources following removal of the farming crops in late 2016 and early 2017.

BRL and HD Mining plan to continue the evaluation of the potential for economic development of the Dionysus and the combined Ceres/Athena resource areas following this work to further define the scale of each resource (Athena: 36.2Mt, 32.8% available alumina, 2.8% reactive silica, see ASX announcement 15/07/14).

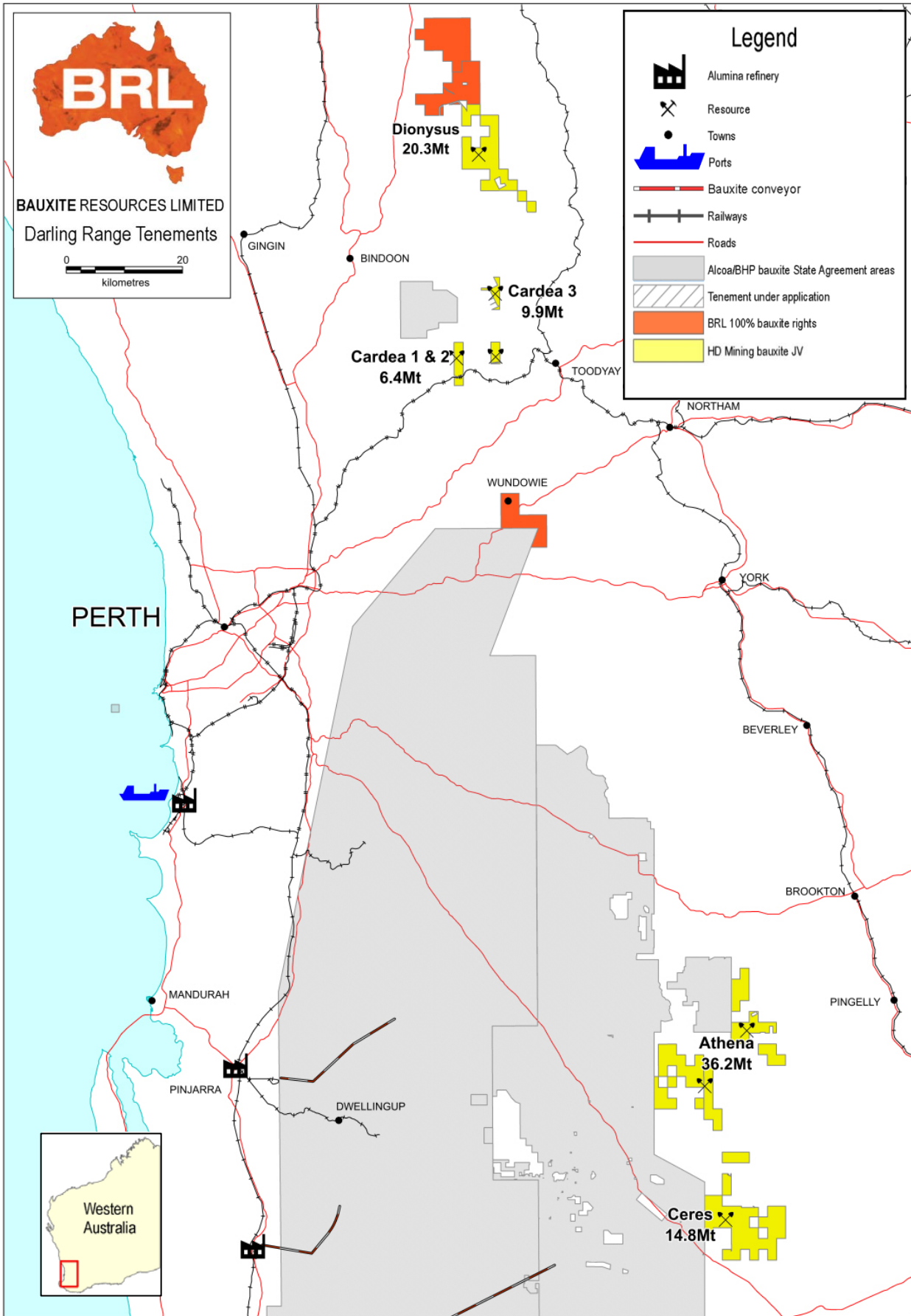


Figure 1 – BRL Darling Range tenement holding and resource locations

LORT RIVER LITHIUM PROJECT- E74/595

Work has continued on the Lort River Lithium project located between Ravensthorpe and Esperance in southern Western Australia. Negotiations to secure an Aboriginal Heritage Agreement are underway. Land access discussions have commenced with key landholders and the desktop assessment of the tenement is progressing.

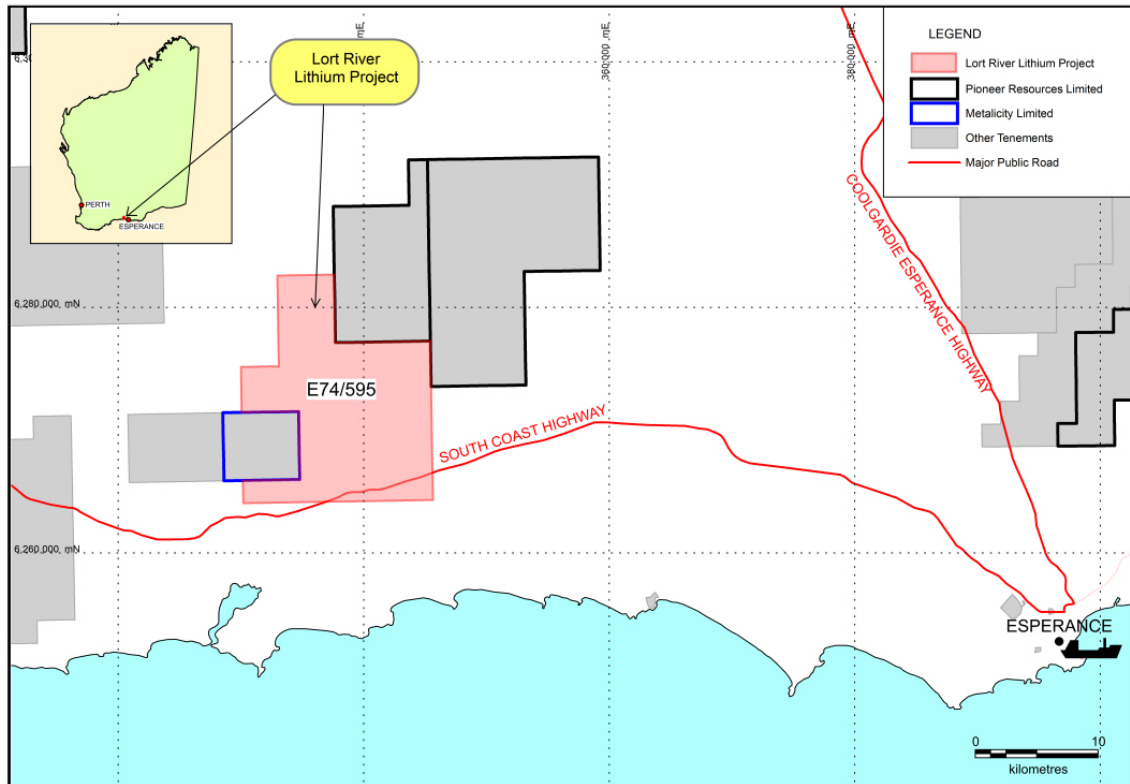


Figure 2 – Lort River Lithium Project – E74/595 Location Plan

OTHER EXPLORATION

BRL are actively seeking other resource projects. A number of exploration and development opportunities have been assessed and several continue to be investigated.

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 2016 the Company held AU\$16.8 million in cash.

As at 30 September 2016 the Company had 2,089 shareholders and 214,422,336 ordinary fully paid shares on issue with the top 20 shareholders holding 57.15% of the total issued capital.



Future Operations

The Board continues its focus 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 additional capital management initiatives.

Sam Middlemas, CEO, Bauxite Resources Ltd

26 October 2016

Competent Persons Statement

The information in this report that relates to the HD Mining Joint Venture (HDJV) resource base as a whole, was 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 2016 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 30 SEPTEMBER 2016 (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
E70/3599	Goodenine Pool – Darling Range	Granted
E70/4586	Newdale – Darling Range	Granted
E70/4619	Yarawindah – Darling Range	Granted
E74/595	Lort River – Esperance	Granted

- 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 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	59	59
1.2 Payments for		
(a) exploration & evaluation	(66)	(66)
(b) development	-	
(c) production	-	
(d) staff costs	(65)	(65)
(e) administration and corporate costs	(161)	(161)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	104	104
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)	-	-
1.9 Net cash from / (used in) operating activities	(129)	(129)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	1	1
	(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	1	1

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 (provide details if material)	-	-
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	16,936	16,936
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(129)	(129)
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	-	-
4.6	Cash and cash equivalents at end of period	16,808	16,808

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	170	413
5.2 Call deposits	16,638	16,523
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)	16,808	16,936

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	71
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 1.23 includes aggregate amounts paid to directors including salary, director's fees and consulting fees.

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	50
9.2 Development	-
9.3 Production	-
9.4 Staff costs	65
9.5 Administration and corporate costs	115
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	230

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				
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Lort River E74/595	Granted	100%	100%
	Toodyay E70/3599	Granted	100%	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: 26 October 2016

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.