

# BAUXITE RESOURCES LTD

ABN 72 119 699 982



## MARCH 2008 QUARTERLY REPORT

**Bauxite Resources Ltd**  
**35/82 Royal Street**  
**East Perth**  
**WA 6004**

**New Address From**  
**19 May 2008**  
**No 3/159 Adelaide Terrace**  
**PO Box 664**  
**East Perth**  
**WA 6892**

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**Email:**  
**admin@bauxiteresources.com.au**  
**Web:**  
**www.bauxiteresources.com.au**

### ASX Code:

**BAU:** 107 million shares  
**BAUO:** 54 million listed options  
**Market Cap (31 March 08)**  
**BAU:** A\$33 million  
**BAUO:** A\$6.5 million  
**Cash**  
**A\$8.2 million**

### Directors:

**Luke Atkins**  
 (Executive Chairman)  
**David McSweeney**  
 (Non-executive Director)  
**Neil Lithgow**  
 (Non-executive Director)  
**Robert Nash**  
 (Non-executive Director)  
**Graeme Smith**  
 (Company Secretary)

## Highlights

- ▶ Bauxite prices rise 30% in first six weeks of 2008, double the increase for the previous 12 months.
- ▶ Successful Options Offer; in excess of 95% of shareholders subscribed to the offer, raising \$539,000.
- ▶ Peter Bleakley, ex Gindalbie Metals Ltd, appointed Exploration Manager.
- ▶ Bauxite Resources, as at 31 March 2008, has 31 tenement licenses, 3 granted and 28 in application.
- ▶ Tenements and tenement applications now cover over 6,625km<sup>2</sup> (approx) of highly prospective bauxite ground which includes the world class bauxite production region of the West Australian Darling Ranges.
- ▶ Substantial historical data from; CSR/Pacminex Muchea Alumina Project (1971) including plant feasibilities and resource estimations in the North Darling Range and from Vam Ltd and Project Mining Corporation Ltd in the South Darling Range, which is currently being digitally captured to assist interpretation and target identification.
- ▶ Bauxite Resources tenements are close to existing infrastructure, including rail and port facilities which have existing capacity.
- ▶ WA's ports are in close proximity to emerging potentially lucrative export markets.
- ▶ Appointment of Hatch to investigate beneficiation of bauxite for Direct Shipping Operation.
- ▶ Kevin Woodthorpe appointed Project and Infrastructure Manager.
- ▶ Consultant Mark Arundell, former MD of Rolls Royce Capital (UK) Ltd, appointed to oversee potential Joint Venture Agreements and funding alternatives.
- ▶ New Adelaide Terrace premises leased to accommodate the Company's growing operations.
- ▶ Increasing interest from foreign companies to purchase bauxite and joint venture.
- ▶ Company delegation to visit China in April.
- ▶ Chinese government authorities estimate that China may import up to 31 million tonnes of bauxite in 2008, up from approximately 22 tonnes in 2007.

## **Background - Bauxite Resources Limited ASX Code BAU**

Bauxite Resources Limited (BAU) was launched in May 2006 to establish itself in the bauxite and alumina industries in Western Australia where four of the seven Australian alumina refineries and four of Australia's bauxite mines are located. It listed successfully on the ASX on 22 October 2007 after closing its A\$7.5 million IPO early and oversubscribed, having previously raised approximately \$1.3 million in seed capital.

The Company is the only ASX-listed junior explorer in the highly prospective Darling Range, which is the largest producing alumina region in the world. This area supplies approximately 17% of the world's alumina and is home to Alcoa's Huntly Mine, the largest producing bauxite mine in the world. The Darling Range is also home to three of the top five refineries in the world in terms of lowest operating costs.

BAU has now applied for a total of 31 tenements in the three project areas; 25 tenements are located in the North and South Darling Range project areas and six tenements in the Kimberley project area. Three of these licenses have been granted in the North Darling Range Project area.

The Company is primarily focused on defining an initial sustainable economic bauxite resource sufficient to support a 2mt/annum direct shipping bauxite project through an intensive exploration and data review program to be undertaken in 2008/9 as stage one. The Company is also reviewing the opportunities for the development of an alumina refinery as stage two.

### **Project Summary**

Of the three project areas;

- North Darling Range
- South Darling Range
- Kimberly

The Company is currently focused on the Darling Range tenement holdings.

#### **North Darling Range**

BAU has moved quickly since listing on the ASX to complete an initial data review of historic exploration and resource data estimates made on the Chittering Alumina Project by Pacminex. The review has identified areas in the North Darling Range that have the highest potential to yield >30 million tonnes of direct shipping bauxite.

#### **South Darling Range**

The Company is also conducting an initial review of historical exploration and resource data made by Vam Ltd and Project Mining Corporation Ltd. Peter Bleakley, the Exploration Manager, is preparing an exploration program utilizing both these sources of historical data.

In summary, BAU is focusing on potential bauxite resources close to existing infrastructure. The initial target generation phase will be expanded during the June Quarter and move on to include a program planning phase and, depending on regulatory approvals and suitable supervising of personnel, commencement of drilling.

### **Appointment of Chief Exploration Manager**

The Company has been extremely fortunate to secure the services of experienced geologist and exploration executive, Mr. Peter Bleakley, for the position of Chief Exploration Manager as the Company embarks on an Initial Scoping Study of its highly prospective North Darling Range and South Darling Range bauxite projects.

An experienced Perth based geologist, Mr. Bleakley, joins BAU from his most recent position with the successful ASX listed iron ore company, Gindalbie Metals Ltd, where he held the position of Exploration Manager from 2005 and lead the team that was responsible for the discovery and delivery of the 1.43 billion tonne Karara Iron Ore Project, located in Western Australia's Mid West.

Between 1999-2005 Mr. Bleakley worked for gold mining company Sons of Gwalia Ltd as Project Geologist, where he oversaw the delineation of the +250,000 ounce Hercules Deposit.

### **Appointment of Project and Infrastructure Manager and key Specialist Consultants**

The Company has secured the services of Kevin Woodthorpe as Project and Infrastructure Manager.

Mr. Woodthorpe has a range of commercial experience that includes direct involvement with energy markets and utilities in Europe, New Zealand and Australia, including establishing compliance process for the European Union Emissions Trading Scheme (EUETS) and New South Wales Greenhouse Abatement Certificate Scheme (NGAC).

Mr. Woodthorpe joins BAU from Gindalbie Metals Ltd where he was a senior consultant to the company in connection with the Karara Iron Ore Project's 1,000,000MWh per annum energy off-take agreement and enabling the early works agreement with Western Power, the supplier and operator of the South West Interconnected System. As Project and Infrastructure Manager, Mr. Woodthorpe will oversee the necessary studies for the proposed direct shipping of bauxite project and to deal with all the necessary consultants, government, regulatory bodies and land access issues.

The Company has had a number of consultations with WorleyParsons and has now received their Preliminary Scoping Study Proposal. Mr. Woodthorpe and a number of appointed key specialist consultants have already commenced a significant number of these preliminary study items. It is expected that BAU will continue to utilize the service of WorleyParsons and other external service providers as and when required to address specialist areas.

Specifically Mr. Woodthorpe will be concentrating on the potential of direct shipping of bauxite in parallel with the Company's longer term plans for the development of an alumina refinery.

### **Project Infrastructure Requirements for Direct Shipping Operations (DSO) of bauxite**

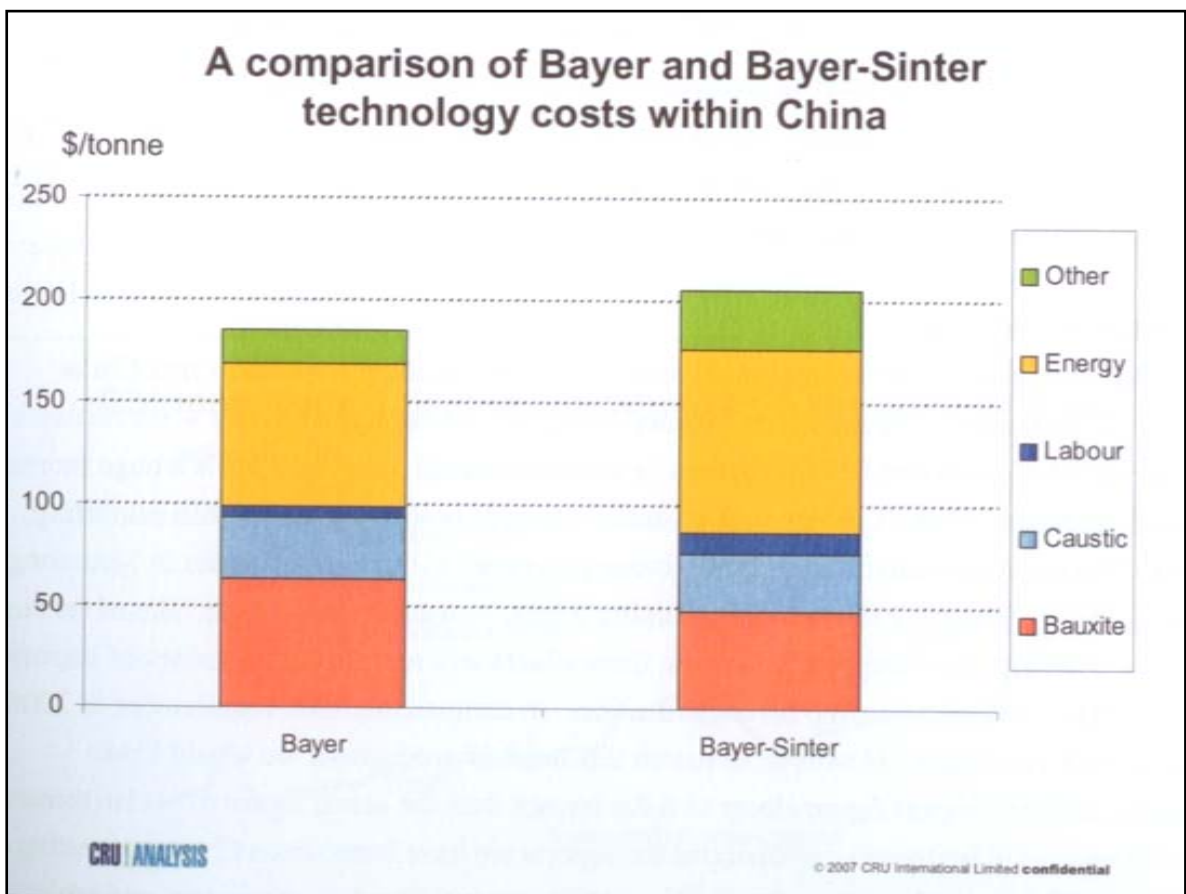
With the majority of infrastructure utilities now having commercial managers that assist in the facilitation of business solutions, the Company has actively sought direct input from these utilities. In formulating the infrastructure options/solutions for BAU's business opportunities the Company has continued to expand its internal team and formed relationships with well known providers of infrastructure; including Rail, Port and Power utilities. A Key Activity Program (KAP) has been developed to compliment the BAU business opportunities and a number of these activities are now in progress.

### Hatch Consulting – Beneficiation of DSO bauxite

Leading service provider to the bauxite and alumina industries, Hatch, has been appointed to prepare a study as to the possible beneficiation techniques available for Darling Range bauxite with a view to direct shipping of bauxite.

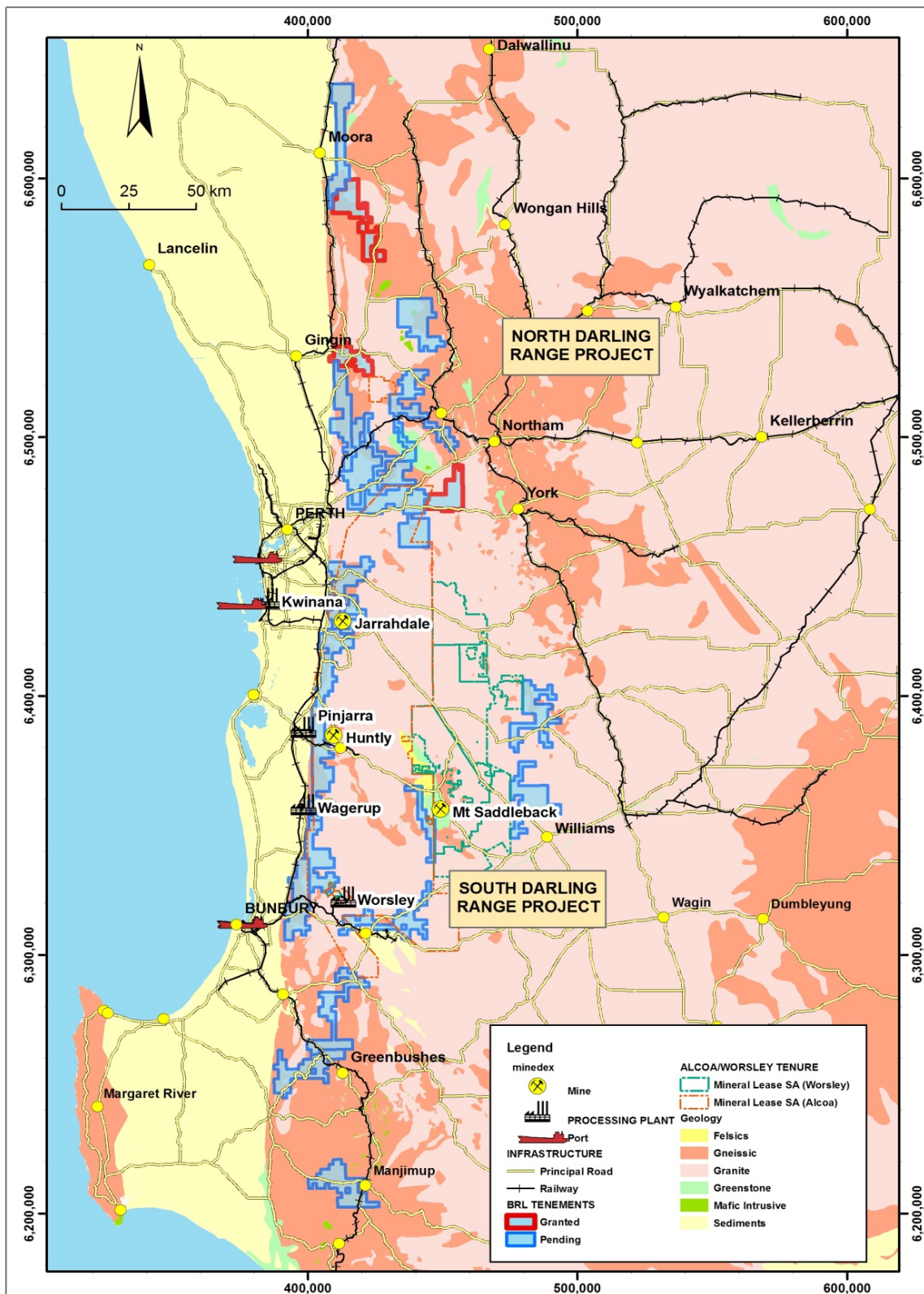
Mr. Woodthorpe is also working with Hatch in China, to ascertain the benefits of the Darling Range bauxite over its Chinese counterparts and to determine any cost benefits for Chinese refineries associated with refining Darling Range material.

The benefits of Darling Range bauxite relate to its chemical composition that in turn transmit to lower refinery operating temperatures and lower refinery operating pressures which translate to lower energy consumption. As well as this energy cost saving, typical Darling Range bauxite has lower operating costs.



The chart above demonstrates the technology cost difference between the Bayer refining process required for the Darling Range bauxite and the Bayer-Sinter refining process required for the Chinese bauxite. Clearly the Darling Range bauxite requires less energy and less labour.

**Bauxite Resources Limited - Darling Range tenement holdings.**



**North Darling Range Project 2,381km<sup>2</sup> (approx)**

The North Darling Range project covers part of an area in the Darling Range which was the subject of major exploration work completed in the late 1960's and 70's by CSR, Pacminex and Project Mining Corporation. By April 1970, 9,820 holes with 172,735 feet were drilled and 87,950 samples were analysed. In excess of two million dollars was spent on the project by the joint venture parties.

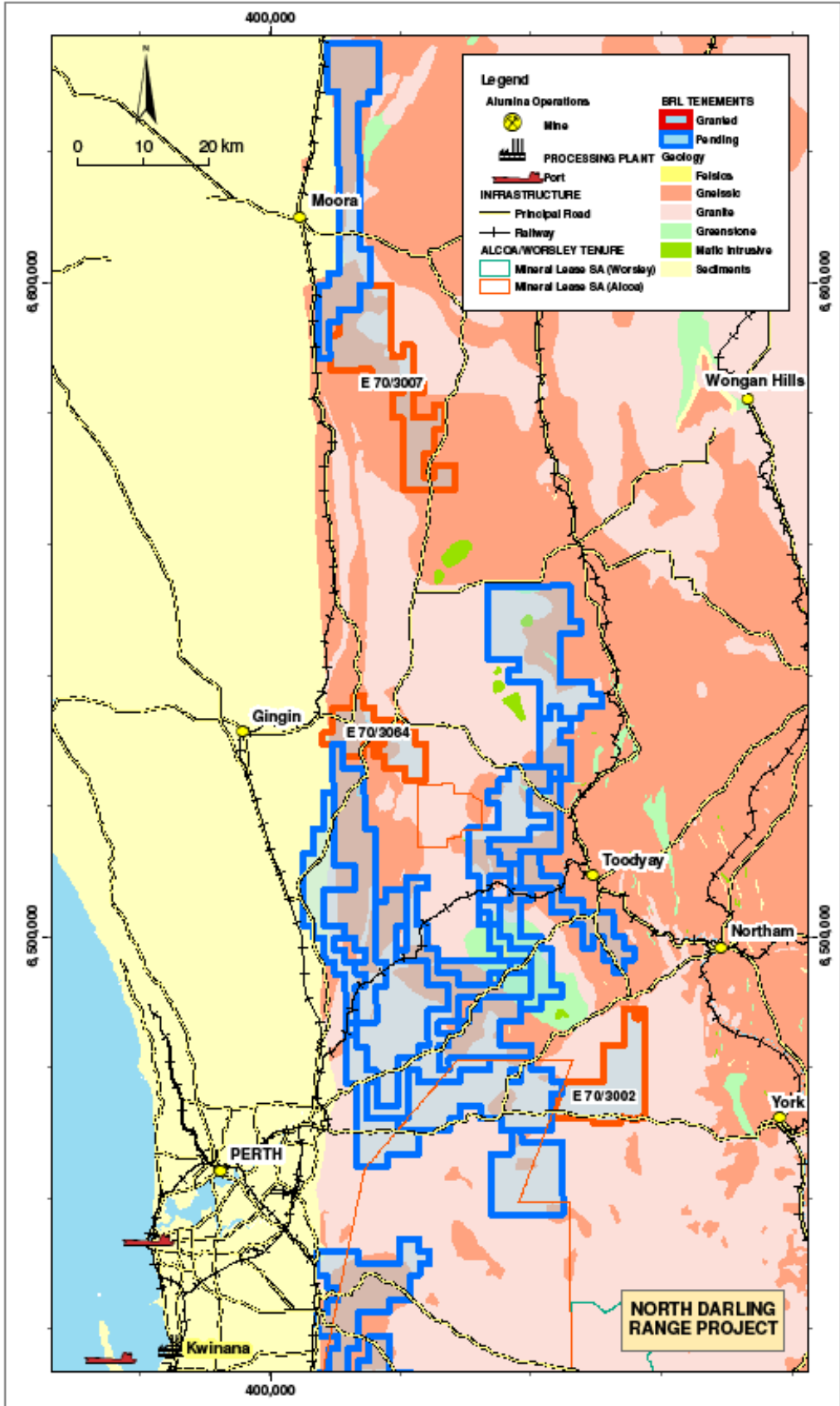
Tenements held by the company in the North Darling Range Project area also cover significant areas with bauxite laterites indicated from the Geological Survey of Western Australia 1:250,000 scale geology map sheets. Field verification by the Company confirms extensive bauxite laterites within its tenements. To the knowledge of the Company no exploration to assess the economic potential of these additional bauxitic laterites has been carried out to date.

The bauxite laterites are largely preserved on plateaus and form outcropping ridges. The historical drilling has largely identified bauxite mineralisation from surface to a maximum depth of 12 metres. The bauxite laterites are commonly 2 to 3 metres in thickness and overlie a distinguishable saprolite weathered zone.

The Company now has an established database of the historical exploration drilling and assay data completed by previous companies. Following the appointment of the Exploration Manager, work has concentrated on a review of historic exploration work, initial prioritisation of exploration targets and reconnaissance mapping. This work is ongoing and has outlined a number of potential targets areas with a view to the establishment of a direct shipping of bauxite operation close to existing infrastructure.

Work planned for the June Quarter will focus on continued target generation and surface mapping followed by procurement of access and regulatory approvals to commence drilling in the September Quarter.

Drilling will initially focus on those areas identified by Pacminex and CSR as containing economic bauxite mineralisation for which there exist non JORC compliant reserve estimates reported by those companies and then to focus on other areas identified by the Company.



The North Darling Range Project - detailing the granted and pending tenements.

## **South Darling Range Project 2,521km<sup>2</sup> (approx)**

The South Darling Range project covers predominantly privately owned land within the Alcoa State Agreement area, as well as ground adjoining Alcoa and Worsley Alumina's mineral lease areas extending from Jarradale in the north and south to Manjimup.

The South Darling Range project covers areas previously identified in historical reports prepared by Project Mining Corporation and Bridge Oil Pty Ltd as containing bauxite resources. The project covers additional areas reported by the West Australian Geological Survey as containing bauxitic laterites.

Following the appointment of the Exploration Manager work has commenced on a review of historic exploration and initial prioritisation of exploration targets. Work planned for the June Quarter will focus on collation of the historical exploration database, target generation and surface mapping. It is anticipated targets generated from this work will be tested by drilling in the September/December Quarters once all the necessary access and regulatory approvals are received.

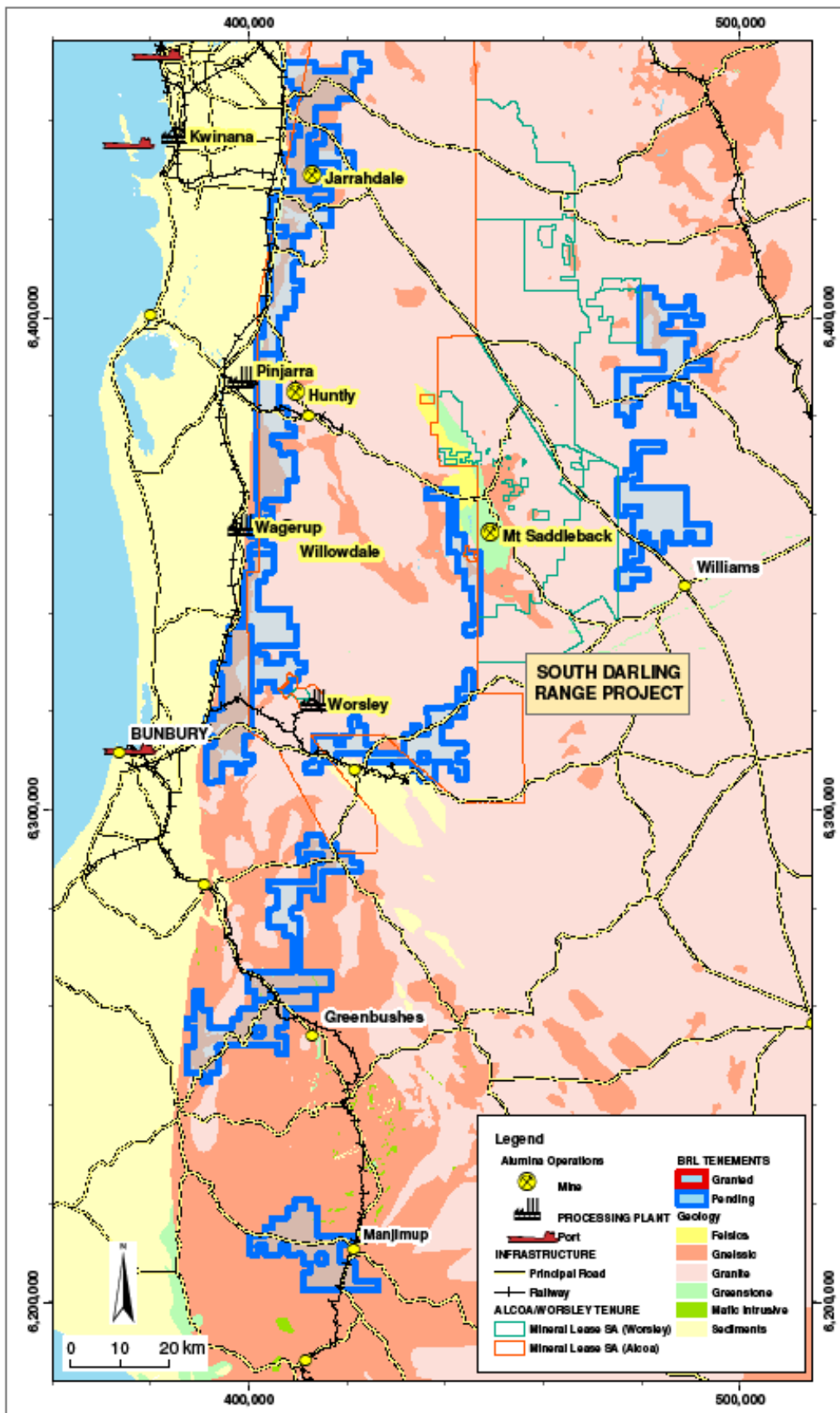
The Company strategy for the South Darling Range Project area is to identify sufficient bauxite resources to ship bauxite ore direct to overseas markets. Some of the tenements cover areas that were previously held by Alcoa and Worsley pursuant to State Agreements. The terms of the State Agreements may affect the Company's application to explore for bauxite, in which case the Company intends to negotiate with the relevant parties in an effort to secure bauxite exploration and mining rights to these areas.

The tenement E70/3312, in the Manjimup area of the South Darling Range, covers parts of areas which were previously explored for bauxite by Vam Ltd from 1969 to 1973. In 1970, Vam Ltd completed a resource estimation which had average grades of 34% available alumina.

Drilling by Vam Ltd of the residual Tertiary/Quaternary lateritic bauxites overlying the Archaean granitic and gneissic basement had been completed with 2,368 Scout holes for 6,891 metres. The Scout drilling was completed along tracks and areas which were selected visually on the ground and from monochromatic aerial photographs.



South Darling  
Project pending  
applications.



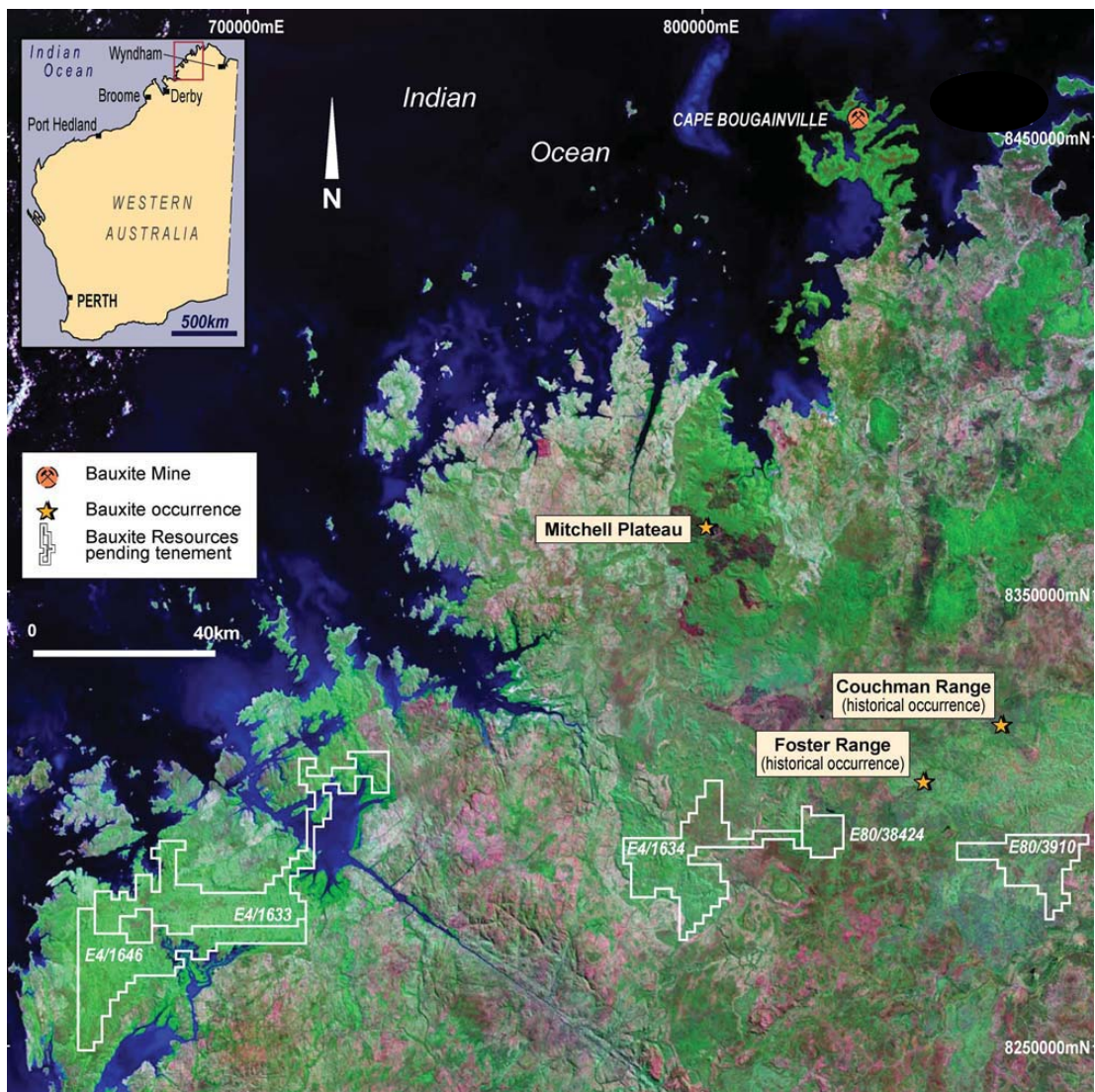
## Kimberley Bauxite Project 1,814km<sup>2</sup> (approx)

Some of the largest known bauxite reserves in the world are in the Kimberley Mitchell Plateau and Cape Bougainville areas. The Kimberley project covers areas in the vicinity of the Mitchell Plateau bauxite resource.

The advent of recent and possible future major infrastructure projects in the area offers new and exciting exploration opportunities which the company intends to actively pursue through the application of an extensive exploration program.

Mr Mathew Lewis has been appointed to negotiate with the Kimberley Land Council in relation to Native Title Land access agreements.

No further ground has been applied for.



Satellite image of Kimberley Region tenements

## Off-take and potential Joint venture discussions

The Company continues to make, assess and give detailed consideration to approaches from parties interested in off-take and joint venture agreements from around the world.

Mr. Mark Arundell, formerly Managing Director of Rolls Royce Capital (UK) Ltd (a subsidiary of Rolls Royce Jet Engines) which managed its vendor financing, is currently reviewing various joint venture and funding alternatives open to the Company and developing a strategy as to how to best manage these options.

## China Trip

Several board members and the Company's Project and Infrastructure Manager will visit China in April to:

- Follow up on various approaches made to BAU
- Follow up on various approaches made to the West Australian State Government DOIR representatives in China relating to bauxite and alumina off-take and investment.
- Visit various refineries and smelters
- Increase the Company's knowledge and understanding of the expanding China bauxite and alumina market.
- Consult with senior Beijing Government officials at NDRC in order to ascertain China's attitude to Chinese corporate investment in Australian bauxite companies such as BAU
- Meet with Chinese consultants as to the typical specifications of Chinese bauxite and the advantages of Darling Range bauxite

## Substantial Bauxite Price Rise in first six weeks of 2008

As reported in Bloomberg 19 Feb 2008, "Bauxite prices have risen as much as 30% since January, twice as much as last year, on rising demand from China and dwindling exports from Indonesia, the Asian nation's main supplier of the aluminium-making material."

## Corporate Summary

As at 31 March 2008, BAU had 674 shareholders with the Top 20 holding 67% of the Company comprising 71 million shares.

The Company has A\$8.2 million cash on hand.



**Luke F Atkins**  
Executive Chairman

*In accordance with the Australian Stock Exchange requirements, the technical information contained in this report has been reviewed by Mr. Neil Lithgow, a director of the company. The information in the report to which this statement is attached that relates to Mineralisation is based on information reviewed by Mr. Lithgow, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Lithgow 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 2004 JORC Code Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr. Lithgow consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.*

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**Bauxite Resources Limited**

ABN

72 119 699 982

Quarter ended ("current quarter")

31 March 2008

### Consolidated statement of cash flows

| Cash flows related to operating activities   | Current quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$A'000 |
|--|----------------------------|---------------------------------------|
| 1.1 Receipts from product sales and related debtors  | -                          | -                                     |
| 1.2 Payments for (a) exploration and evaluation<br>(b) development<br>(c) production<br>(d) administration | (44)<br>-<br>-<br>(249)    | (194)<br>-<br>-<br>(505)              |
| 1.3 Dividends received   | -                          | -                                     |
| 1.4 Interest and other items of a similar nature received  | 176                        | 303                                   |
| 1.5 Interest and other costs of finance paid   | -                          | -                                     |
| 1.6 Income taxes paid  | -                          | -                                     |
| 1.7 Other (provide details if material)  | -                          | -                                     |
| <b>Net Operating Cash Flows</b>  | <b>(117)</b>               | <b>(396)</b>                          |
| <b>Cash flows related to investing activities</b>  |                            |                                       |
| 1.8 Payment for purchases of:<br>(a) prospects<br>(b) equity investments<br>(c) other fixed assets         | -<br>-<br>-                | -<br>-<br>(8)                         |
| 1.9 Proceeds from sale of:<br>(a) prospects<br>(b) equity investments<br>(c) other fixed assets            | -<br>-<br>-                | -<br>-<br>-                           |
| 1.10 Loans to other entities   | -                          | -                                     |
| 1.11 Loans repaid by other entities  | -                          | -                                     |
| 1.12 Other (provide details if material)   | -                          | -                                     |
| <b>Net investing cash flows</b>  | <b>-</b>                   | <b>(8)</b>                            |
| 1.13 Total operating and investing cash flows (carried forward)  | <b>(117)</b>               | <b>(404)</b>                          |

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

|   |   |       |       |
|---|---|-------|-------|
| 1.13  | Total operating and investing cash flows (brought forward)        | (117) | (404) |
| <b>Cash flows related to financing activities</b> |   |       |       |
| 1.14  | Proceeds/(over subscription) from issues of shares, options, etc. | 539   | 8,039 |
| 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) Share issue transaction costs | (23)  | (641) |
|   | <b>Net financing cash flows</b>                                   | 516   | 7,398 |
|   | <b>Net increase (decrease) in cash held</b>                       | 399   | 6,994 |
| 1.20  | Cash at beginning of quarter/year to date                         | 7,778 | 1,183 |
| 1.21  | Exchange rate adjustments to item 1.20                            |       |       |
| 1.22  | <b>Cash at end of quarter</b>                                     | 8,177 | 8,177 |

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 117                        |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | -                          |

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.

**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.

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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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+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | NIL                         | NIL                    |
| 3.2 Credit standby arrangements | NIL                         | NIL                    |

### Estimated cash outflows for next quarter

|                                | \$A'000    |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 250        |
| 4.2 Development                | -          |
| <b>Total</b>                   | <b>250</b> |

### 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<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 1,196                      | 6,848                       |
| 5.2 Deposits at call                             | 6,981                      | 930                         |
| 5.3 Bank overdraft                               | -                          | -                           |
| 5.4 Other (provide details)                      | -                          | -                           |
| <b>Total: cash at end of quarter (item 1.22)</b> | <b>8,177</b>               | <b>7,778</b>                |

### Changes in interests in mining tenements

|     | Tenement<br>reference | Nature of interest<br>(note (2))                              | Interest at<br>beginning<br>of quarter | Interest<br>at end of<br>quarter |
|-----|-----------------------|---|--|----------------------------------|
| 6.1 |                       | Interests in mining tenements relinquished, reduced or lapsed |  |                                  |
| 6.2 |                       | Interests in mining tenements acquired or increased           |  |                                  |

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

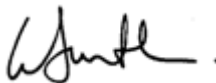
*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

|  | Total number                                      | Number quoted             | Issue price per security (see note 3) (cents)                  | Amount paid up per security (see note 3) (cents)                            |
|--|---|---------------------------|--|---|
| 7.1 <b>Preference securities</b><br><i>(description)</i>   |   |                           |  |   |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |   |                           |  |   |
| 7.3 <b>*Ordinary securities</b>  | 107,637,500                                       | 43,695,000                |  |   |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              |   |                           |  |   |
| 7.5 <b>*Convertible debt securities</b><br><i>(description)</i>  |   |                           |  |   |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |   |                           |  |   |
| 7.7 <b>Options</b><br><i>(description and conversion factor)</i>   | 53,818,750<br>2,000,000<br>4,000,000<br>9,000,000 | 53,818,750<br>-<br>-<br>- | Exercise price<br>20 cents<br>25 cents<br>40 cents<br>20 cents | Expiry date<br>31 January 2009<br>15 May 2012<br>15 May 2012<br>31 May 2012 |
| 7.8 Issued during quarter  | 53,818,750<br>2,000,000<br>4,000,000              | 53,818,750<br>-<br>-      | 20 cents<br>25 cents<br>40 cents                               | 31 January 2009<br>15 May 2012<br>15 May 2012                               |
| 7.9 Exercised during quarter   |   |                           |  |   |
| 7.10 Expired during quarter  |   |                           |  |   |
| 7.11 <b>Debentures</b><br><i>(totals only)</i>   |   |                           |  |   |
| 7.12 <b>Unsecured notes</b><br><i>(totals only)</i>  |   |                           |  |   |

+ See chapter 19 for defined terms.

## 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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:   
(Company secretary)

Date: 30 April 2008

Print name: Graeme Smith

## 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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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