

# BAUXITE RESOURCES LIMITED

## SEPTEMBER 2017 QUARTERLY REPORT

### Highlights

- Discussions with Joint Venture party HD Mining and Investment Pty Ltd have been focused on selection of an agreed forward exploration and development plan. The current bauxite resource base is 86.3Mt Inferred Mineral Resource and 1.5Mt Indicated Mineral Resource (refer full detail in the 2017 Annual Report Resources Statement) – HD Mining have an ‘earn in’ of up to 60% on “decision to mine”
- Exploration target generation, and assessment of logistics and market considerations are well underway for the Gingin, Albany and Esperance silica sand tenements.
  - Heritage agreements have been put in place for the granted Esperance Silica tenements allowing planning to undertake exploration to commence
  - Leading analytical laboratories in both Western Australia and Germany have been engaged to conduct chemical and mineralogical assessment of the silica sand
  - Research and Development work continues on processing methodologies for higher purity silica
- Cash at bank at 30 September 2017 was A\$16.3m. 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

24 October 2017



**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 2017 Annual Report Resources Statement).

### **Current Activities**

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 (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 14.8Mt, 31.7% available alumina, 3.0% reactive silica, see ASX announcement 30/07/12)

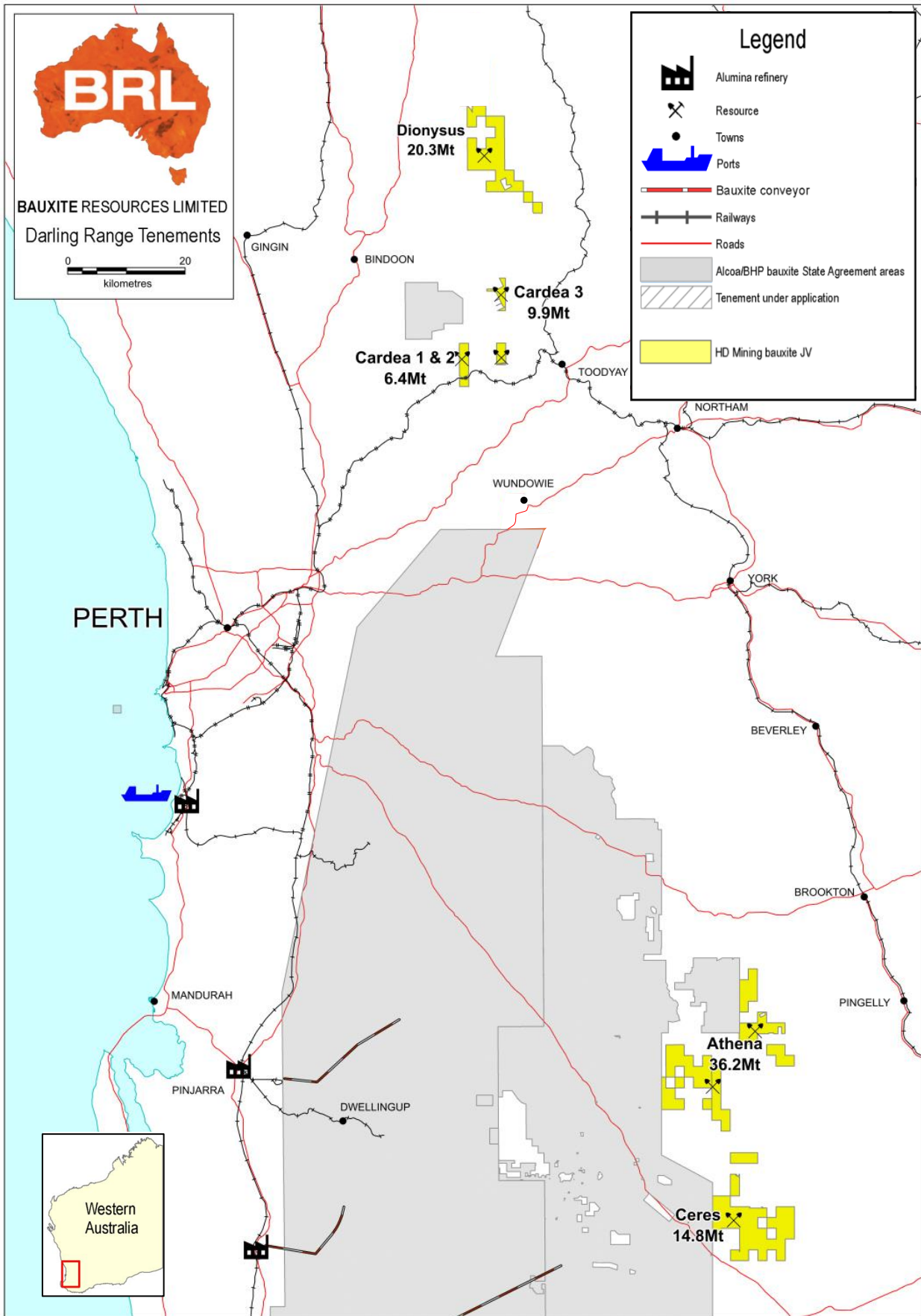


Figure 1 – BRL/HD JV Mining Darling Range bauxite tenement holding and resource locations



## **SILICA SAND PROJECTS – GINGIN, ALBANY AND ESPERANCE**

Over the last three quarters, the company has internally generated three Silica Sand projects in Gingin, Albany and Esperance covering over 1,570km<sup>2</sup>. All tenements that have been pegged are prospective for high grade silica sand with numerous active and abandoned bulk silica sand operations and historic exploration near the leases.

Desktop assessment of historical exploration data is well underway along with investigations into logistics and market considerations. The company has engaged a specialist silica laboratory in Germany along with two leading Western Australian laboratories to complete chemical and mineralogical characterisation of silica sand samples followed by initial processing test work.

The desktop assessments and test work programmes are expected to continue over the next few quarters before any detailed exploration fieldwork is proposed.

### **Gingin Silica Sand Project**

The Gingin Silica Sand Project consists of four application exploration licences located 20km north of Perth (Figure 2). The Company's tenements are in close proximity to Hanson Construction Materials Pty Ltd's Silica deposit which supports a substantial silica sand export operation and distribution to the local market. Export markets are being assessed along with infrastructure logistics and negotiations with landowners and operators.

### **Albany Silica Sands Project**

The Albany Silica Sand Project consists of five exploration application licences within 10-70km of the Port of Albany (Figure 3). These tenements are adjacent to Austsand Mining Pty Ltd's 200Ktpa silica sand export operation. The Project is close to the port of Albany where there is export capacity coupled with good road infrastructure to support future operations.

### **Esperance Silica Sands Project**

The East Esperance Silica Sand Project consists of two granted exploration licences 15-75km East of the Port of Esperance (Figure 4). There is good access to the port of Esperance where there is export capacity and it is supported by good road infrastructure.

A Heritage Agreement has been put in place to allow exploration to proceed on the two granted East Esperance Silica Project tenements.

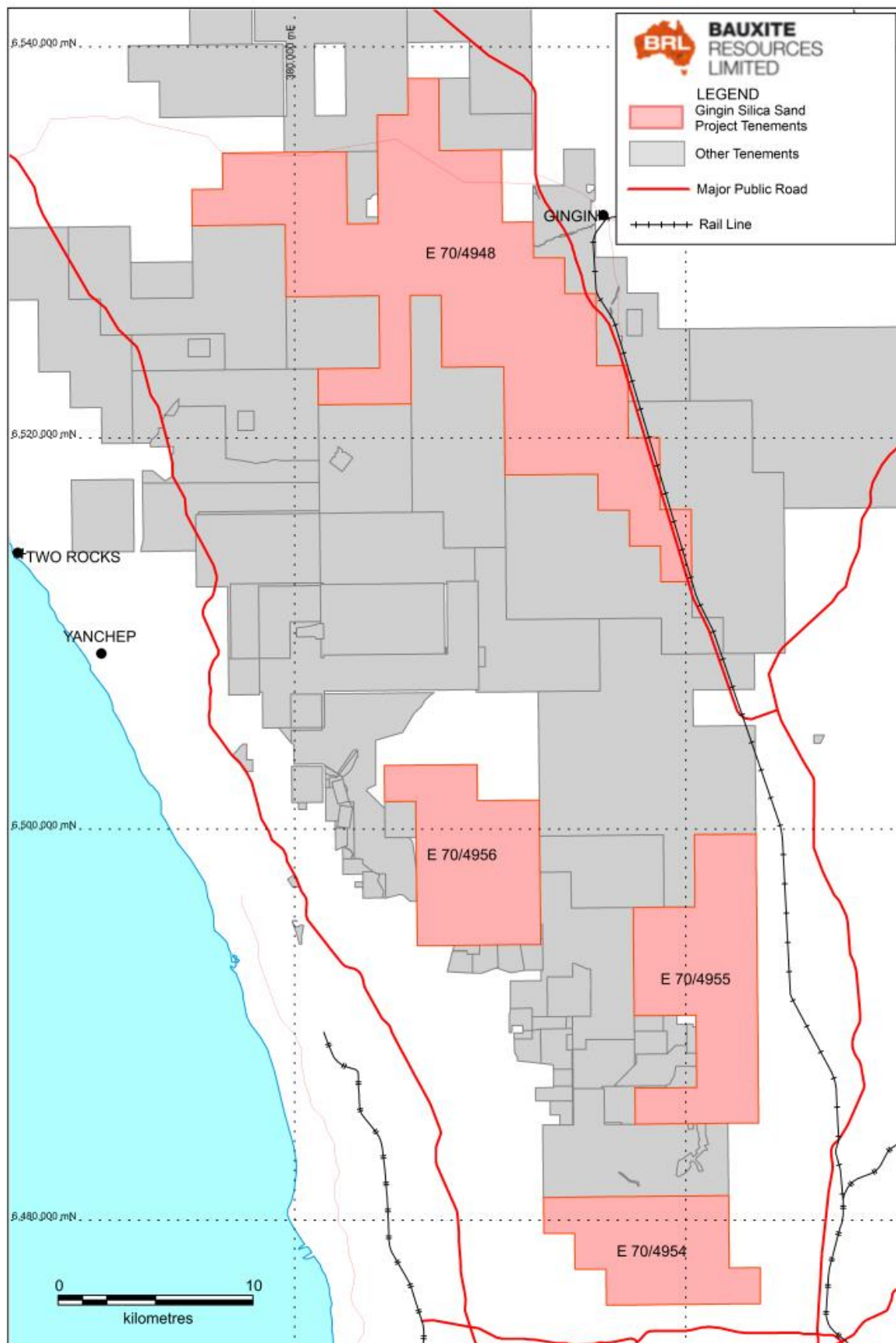


Figure 2 – Gingin Silica Sand Project Location Plan

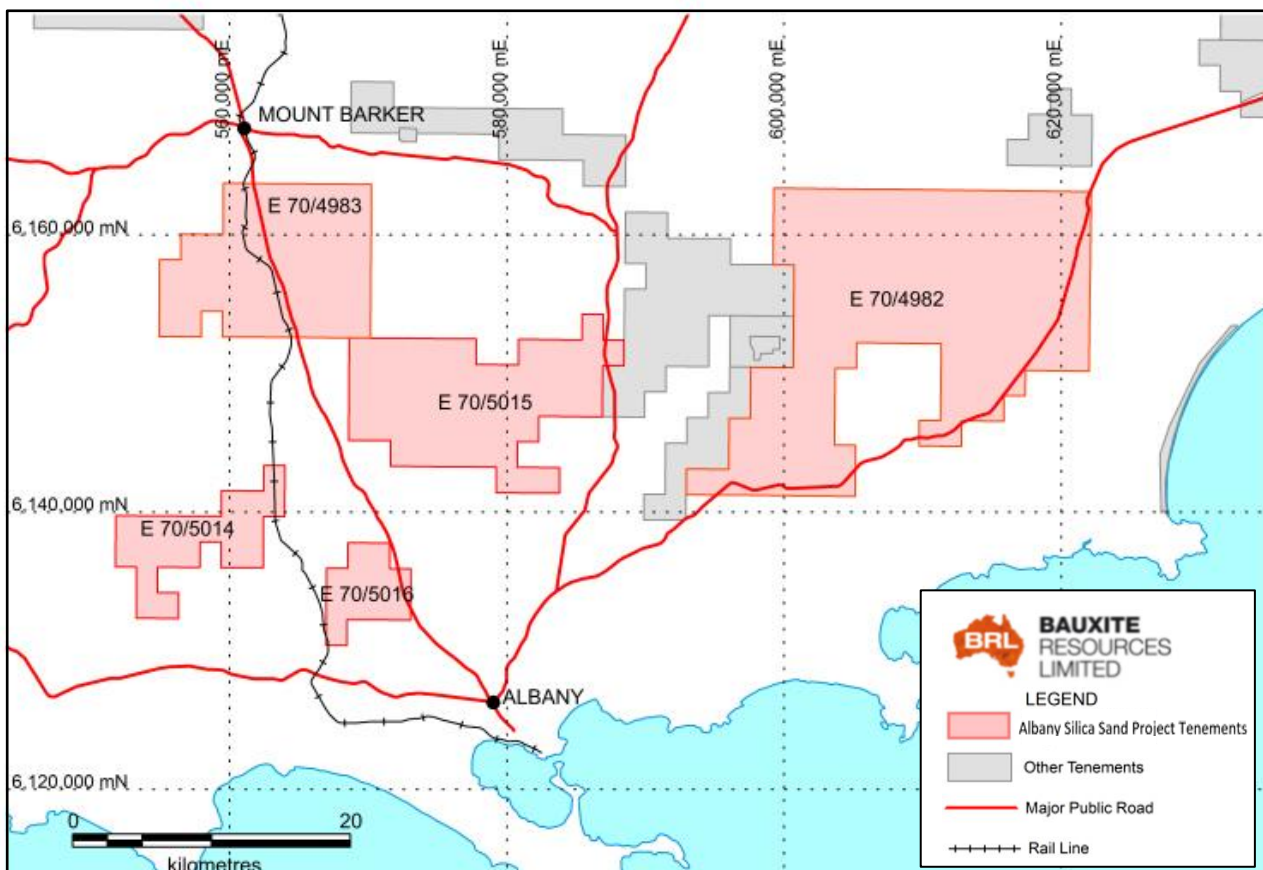


Figure 3 – Albany Silica Sand Project Location Plan

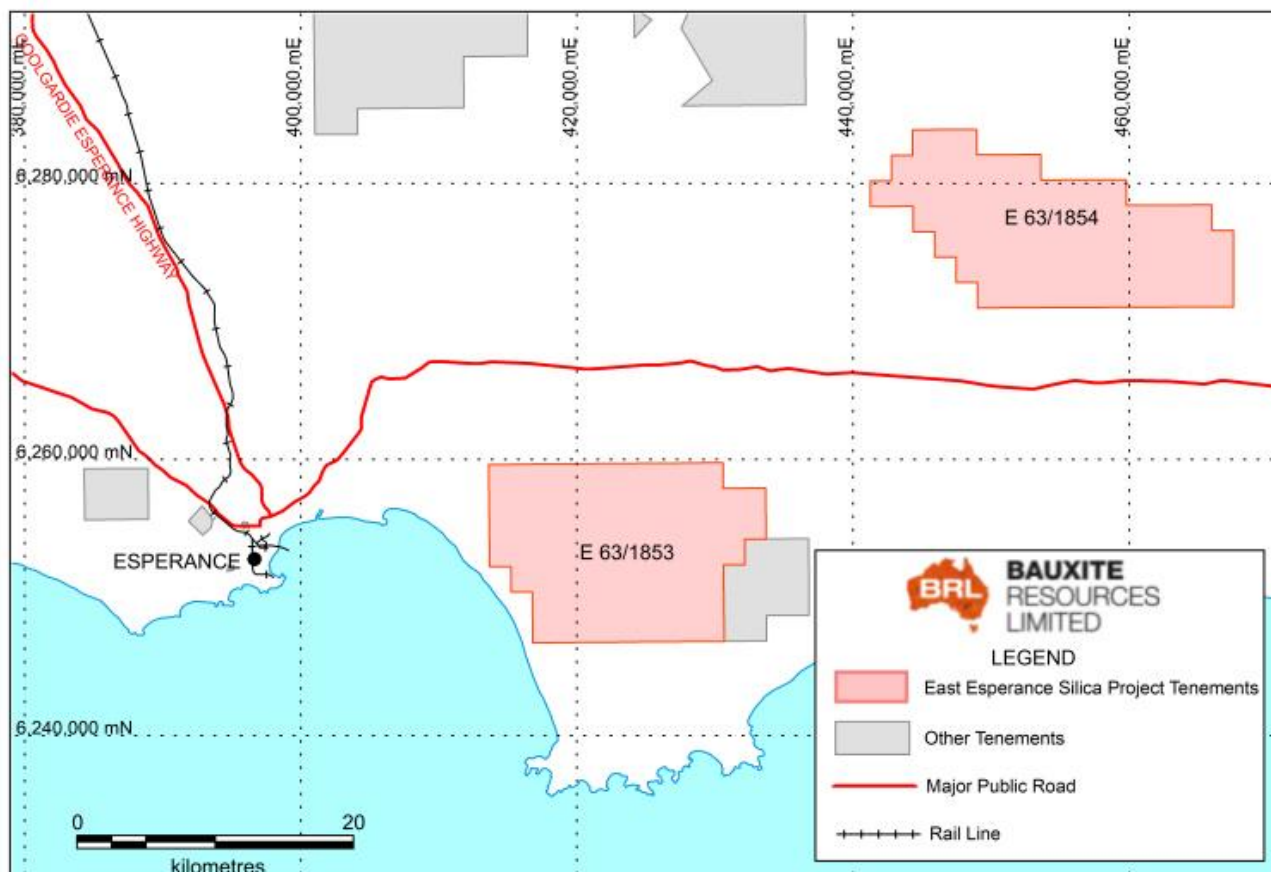


Figure 4 – East Esperance Silica Sand Project Location Plan

## LORT RIVER LITHIUM PROJECT- E74/595

The Lort River Lithium Project is located between Ravensthorpe and Esperance and approximately 120 km east of the Mt Cattlin Lithium Mine in Western Australia, see figure 5 below. The tenement lies adjacent to Pioneer Resources Limited's lithium lease to the east (E74/581).

A Geoscience Australia stream sediment sample taken in the south of the tenement returned an elevated lithium value. Publicly available soil geochemistry sampling is limited within the tenement however extensive soil geochemistry lithium anomalies exist along structural trends immediately adjacent to the tenement.

Work has continued on the Lort River Lithium project located between Ravensthorpe and Esperance in southern Western Australia. Land access discussions have progressed with key landholders and the desktop assessment of the tenement has been completed. Reconnaissance field work has been planned. An Aboriginal Heritage Agreement has now been finalised and preparations are underway to carry out reconnaissance bedrock mapping during the coming summer field season when the water levels in the Lort river are expected to drop sufficiently to allow good bedrock exposures.

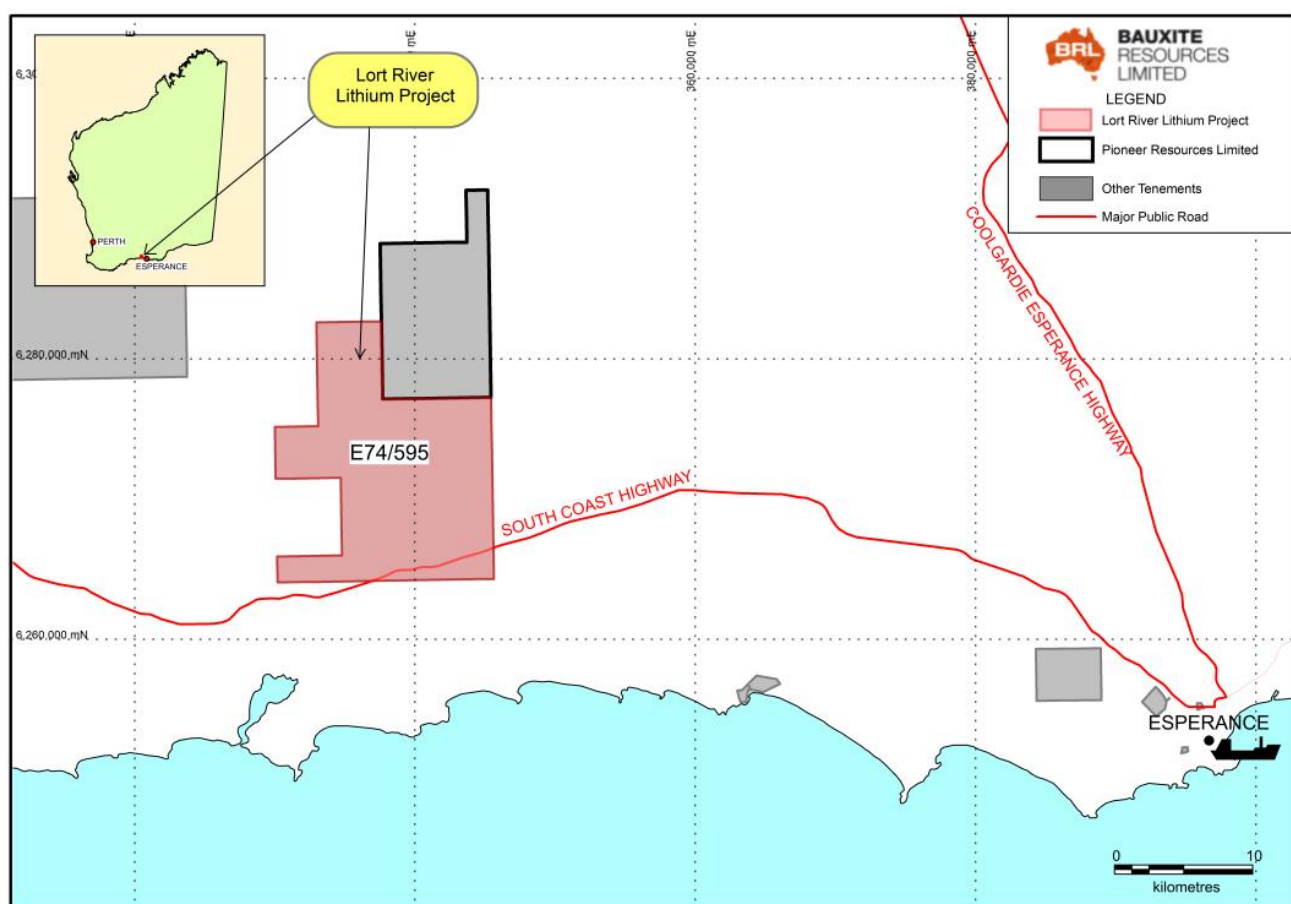


Figure 5 – Lort River Lithium Project – E74/595 Location Plan

## OTHER EXPLORATION

BRL are investigating other resource projects. A number of exploration and development opportunities have been identified and are currently being actively pursued.



## **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 2017 the Company held AU\$16.3 million in cash.

As at 30 September 2017 the Company had 1,433 shareholders and 214,422,336 ordinary fully paid shares on issue with the top 20 shareholders holding 59.81% of the total issued capital.

The Company's 2017 Annual Report has been posted to all shareholders that requested a copy, and it is available for download from the Company's Website at [www.bauxiteresources.com.au](http://www.bauxiteresources.com.au). The Annual General Meeting is scheduled for Friday 10<sup>th</sup> November 2017 at the Company's office in Subiaco, Western Australia.

### **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**

**24 October 2017**

### **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 2017 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 2017 (all 100% owned)**

<b>Tenement</b>	<b>Location/ Tenement Name</b>	<b>Status</b>
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
E74/595	Lort River – Esperance	Granted
E70/4948	Bambun	Application
E70/4954	Gnangara	Application
E70/4955	Warbrick	Application
E70/4956	Pinjar	Application
E70/4982	Green Range	Application
E70/4983	Narrikup	Application
E70/5014	Redmond West	Application
E70/5015	Redmond East	Application
E70/5016	Redmond South	Application
E63/1853	Merivale	Granted
E63/1854	Condinup	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 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	35	35
1.2 Payments for		
(a) exploration & evaluation	(108)	(108)
(b) development	-	
(c) production	-	
(d) staff costs	(26)	(26)
(e) administration and corporate costs	(233)	(233)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	87	87
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(245)</b>	<b>(245)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(3)
(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	-	-
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(3)</b>	<b>(3)</b>

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

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	16,536	16,536
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(245)	(245)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>16,288</b>	<b>16,288</b>

5. <b>Reconciliation of cash and cash equivalents</b> 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	290	88
5.2 Call deposits	15,998	16,448
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>16,288</b>	<b>16,536</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	87
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. <b>Payments to related entities of the entity and their associates</b>	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

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	93
9.2 Development	-
9.3 Production	-
9.4 Staff costs	56
9.5 Administration and corporate costs	185
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>334</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	E70/4619 Yarawindah	Surrendered	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	E70/5014 Redmond West	Application	0%	100%
	E70/5015 Redmond East	Application	0%	100%
	E70/5016 Redmond South	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: .....  
Company secretary

Date: 24<sup>th</sup> October 2017

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.