



PROPOSED CAPITAL RETURN OF 5 CENTS PER SHARE

Bauxite Resources Limited ('BRL' or "the Company") is pleased to announce that the Board has resolved to approve a 5 cent per share capital return, subject to shareholder approval.

As noted in the 2017 Annual Report and other recent market announcements, the Board has had capital management initiatives under active review. The Company currently has around \$16.2m in cash and cash equivalents in addition to its other real estate and mining project assets. The proposed capital return of 5 cents per share will result in approximately \$10.7m being returned to shareholders, leaving the Company with cash reserves of approximately \$5.5m.

During the last three quarters BRL has put together, through its wholly owned subsidiary Australian Silica Quartz Pty Ltd, a number of silica sand and hard rock quartz projects (as announced on 14 December 2017). These projects have been internally generated at a low cost to the Company. The Board has considered the financial requirements for the development of these projects and its other operations, and has determined that there will be sufficient funds for their continued development after the proposed return of capital.

The Company retains substantial exposure to future improvements in bauxite markets through its HD Mining joint venture bauxite projects which are fully funded by HD Mining, and through its royalty entitlement in respect of the world class Yankuang tenements near Toodyay.

The Board realises that the proposed capital return may have an impact on the current Mercantile OFM off-market takeover bid of 9 cents per share for 50% of shareholders' shares. The proposed capital return will only take place if it is supported by a shareholder vote in the first quarter of 2018. The Board considers that the proposed capital return offers shareholders both a short term substantial return of capital and also offers an ongoing investment in the Company's various resource projects, with the potential for real value generation over the medium to longer term.

DATE: 15 December 2017

ASX Code: BAU

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