

Bauxite Resources Limited Proposes 4 cent per Share Capital Return

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Perth, Australia (ABN Newswire) - [Bauxite Resources Ltd.](#) (ASX:BAU) (OTCMKTS:BXRDF) ("BRL" or the "Company") is pleased to announce that the BRL Board is proposing a capital return of A\$0.04 per share, subject to shareholder approval.

Following a funding requirements review of BRL's wholly owned projects and projects with joint venture ("JV") arrangements, sufficient funds have been identified to support BRL's wholly owned projects and JV arrangements in the near term.

BRL has conducted a funding requirements review of its operations, projects and working capital to determine where shareholders' funds would be best allocated to create short and long term shareholder value. Consultation has recently taken place with a number of BRL's larger shareholders who have voiced support for a modest capital return to shareholders.

As a consequence of this review, the BRL Board has identified surplus cash to the Company's current requirements and therefore is proposing to return A\$0.04 per share to shareholders in the form of a capital return. This equates to approximately 20% of the Company's total cash holding as at 31 March 2014 (A\$42.1 million).

Following the return of ~A\$9.3 million to shareholders, BRL will still have ~A\$31 million in cash to finance the development of the Fortuna deposit and make further progress with its Yankuang and HD Mining JV-led projects. In addition, the Company has no debt as well as various land and equipment assets on its balance sheet.

It is proposed that the Notice of Meeting of Shareholders will be prepared and despatched to shareholders within the next month.

Corporate Strategy Update

BRL's 100 % owned Fortuna DSO bauxite project

One of BRL's key strategic objectives is to deliver a bauxite direct shipping ("DSO") ore operation from the Fortuna deposit, which has a current resource of ~39Mt. The current resource is located on two private landholdings ~60km north east of Perth and 15km from existing rail infrastructure which is linked to the Kwinana port 120km away as well as the Bunbury Port approximately 250 kilometres away. The resource is not constrained and a number of neighbouring properties within the exploration tenement have been identified as being prospective to expand the existing resource base.

The Fortuna deposit is near surface and therefore easy to mine. It is currently proposed that it will not require beneficiation and is located close to existing rail and port infrastructure. These characteristics offer a potential low capital expenditure start-up opportunity. Resource upgrades over the past year at the Fortuna deposit along with a strengthening outlook for the bauxite market improves the project economics and therefore increases the likelihood of developing this resource.

BRL plans to target the Fortuna product as a DSO without the need for any beneficiation, unlike several other ASX listed peers. The deposit is differentiated from its peers by its location, its predominantly gibbsitic bauxite form and its low reactive silica qualities which are the key reasons why Darling Range alumina refineries are among the most cost competitive in the world.

Chinese Joint Ventures

The Yankuang and HD Mining JVs are currently progressing and working capital has been carefully allocated to ensure long term development of these projects. BRL has also identified its 100% owned Fortuna deposit as an opportunity to unlock shareholder value in the nearer term and has allocated sufficient capital to make significant progress on this project.

Path Forward

The Company has engaged consultants to provide mining, processing, infrastructure and economic inputs to provide a high level scoping study investigation for a mine-to-port development to support DSO export of Fortuna bauxite at a targeted rate of 3 million tonnes per annum. The scoping study is expected to commence in coming weeks with completion anticipated to occur in September 2014. BRL is also undertaking a high level market evaluation to identify possible end users for Fortuna bauxite and is currently in discussions with landowners to convert properties from Exploration Access Agreements to Mining Agreements.

Commenting on the corporate strategy update, BRL CEO Peter Canterbury said, "With Western Australia currently the largest bauxite producing region in the world and logically well placed to supply increasing demand from China following the recent Indonesian bauxite export ban, we are very keen to press ahead strategically with the development of our WA bauxite projects and allow our shareholders to benefit from the rising bauxite price and favourable global market conditions. We will continue to engage with potential offtake and development partners to assist in the commercialisation of this resource which is favourably located to its target export market."

"It is a priority of the Company to develop this BRL 100% owned resource either through direct development or a joint venture partnership with potential end users as part of unlocking value in the Company's bauxite assets for our shareholders," he added.

Bauxite Market Update

In January 2014, the Indonesian Government confirmed the ban on bauxite exports from Indonesia would remain. It is estimated approximately 42 million tonnes of bauxite was exported last year from Indonesia to China. Combined with other imports, China has built up an estimated 12 month stockpile of required bauxite imports.

According to "The CBIX Bauxite Index" China's imports of bauxite reached 1.58Mt in April 2014, down 76.59% year on year. During the first four months of the year, bauxite imports totalled 14.47Mt, down 29.92% year on year. No Indonesian bauxite imports have been reported since April and imports of Australian bauxite dropped 23.43% year on year to 1.02Mt in April."

It is expected that China's bauxite import inventory will continue to shrink during the June quarter of 2014, and imports of non-Indonesian bauxite will increase. Once these stockpiles are exhausted, it is expected that China will require several new significant sources of imported bauxite to satisfy demand out of China. This anticipated rise in demand has led to an increase in bauxite prices over the past few weeks.

Australia logically is well placed to supply this demand and Western Australia is currently the largest bauxite producing region in the world. BRL's bauxite resources located near existing rail infrastructure provides an opportunity for a low capital cost operation and nearer term start-up of direct shipment export of bauxite from Western Australia. Australia's proximity to China means Australia has a logistical advantage to many other alternative supply sources and positions the Company well to take advantage of the increase in demand for Australian bauxite.

According to CRU forecasts, longer term bauxite demand from China is anticipated to reach 95 million tonnes by 2022, representing a two and a half fold increase from the 38 million tonnes imported into China in 2012. CRU is also forecasting that the global bauxite market is in the midst of a structural change which will see a sizable number of new entrants into the market in the next decade, in the form of junior miners. According to CRU, Australia is expected to dominate the group in bauxite exports and officially become the largest exporter of bauxite to China.

To view the release, please visit:
<http://media.abnnewswire.net/media/en/docs/ASX-BAU-680983.pdf>

About Bauxite Resources Limited:

Bauxite Resources (ASX:BAU) is one of the largest tenement holders in the Darling Range with approximately 17,000 km² of ground. This area in south-west Western Australia is acknowledged as the largest producing alumina region in the world supplying approximately 23% of global production.

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