Bauxite Resources Limited: December 2015 Quarterly Activities and Cashflow Report

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Perth, Australia (ABN Newswire) - Bauxite Resources Ltd. (ASX:BAU) announce the December 2015 Quarterly Activities and Cashflow Report.

Highlights

- Cash at bank at 31 December 2015 was A$21.1 million and no debt (Cash balance after completion of Yankuang transaction on 21 January 2016 approx. A$27.1 million)

- Quarter exploration activities were minimal within the Bauxite Alumina Joint Venture (BAJV) as activities were focused on the completion of the sale of BRL's interest in the BAJV to Yankuang

- BRL remains in its joint venture with HD Mining (HDJV) under which all exploration and study costs are met by HD Mining. The current resource base is 87.8Mt - HD Mining have an 'earn in' of up to 60% on decision to mine.

Post Quarter Developments

- Completion of the sale of BRL's interest in the BAJV occurred on 21 January 2016. Key Changes made as a consequence of this are as follows:

o BRL received net cash funds of $6m from the sale of its interest in the BAJV for $7.15m and the buy-back by BRL of Yankuang's shares for $1.15m;

o BRL will receive a royalty from the sale of all bauxite mined from the BAJV tenements (equivalent to 50c/tonne up to 100 million* tonnes);

o BRL completed the buy-back and cancelled 19.7m shares held by Yankuang; and

o Yankuang's representative Mr Cunliang Lai resigned from the BRL Board.

- BRL will actively consider 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

*Subject to the successful assignment of the Fortuna bauxite rights to Yankuang within 3 months of completion. If this does not occur then BRL will retain the Fortuna deposit and the royalty will only be payable on the first 87m tonnes.

ACTIVITY SUMMARY FOR DECEMBER 2015 QUARTER

During the quarter exploration activities were minimal within the Bauxite Alumina Joint Venture (BAJV) as activities were focused on the completion of the sale of BRL's interest in the BAJV to Yankuang and on other administrative measures to reduce ongoing corporate expenditure. Completion of the Yankuang transaction occurred on 21 January 2016 (refer details below).

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.

Current Activities

Current fiscal restraints advised in the last quarter have led to HD Mining deferring a decision to commence a feasibility study for the HDJV's Dionysus project. Water level monitoring continues at Dionysus.

A meeting has been scheduled for February to determine the way forward for the HDJV following delays from HD Mining in meeting its JV contribution commitments over the last quarter.

CORPORATE

Completion of Sale of Yankuang Joint Venture Interest and Buy-Back of Shares

As announced on 21 January 2016, following shareholder approval on 18th January 2016, completion occurred on the sale of BRL's interest in the joint ventures with its Chinese partner Yankuang Resources for $7.15m and the buy-back of Yankuang's 19,700,00 shares for $1.15m.

As a consequence of the transaction the following changes have occurred:

o BRL's net cash funds have increased by $6m, being the difference between the sale price of $7.15M received for its interest in the BAJV and the buy-back sum of $1.15M paid by BRL for Yankuang's shares in BRL;

o BRL has a royalty right of 0.9% of the FOB price (presently estimated to be worth approx. 50 cents per tonne) from the sale of all bauxite mined from the Felicitas and Fortuna tenements. The royalty is payable on the first 100 million tonnes of bauxite mined but is subject to a reduction to 87 million tonnes if the Fortuna tenement holder does not agree to consent to the assignment of BRL's bauxite rights in the Fortuna tenements to Yankuang within 90 days of 21 January 2016;

o Following the cancellation of the 19,700,000 shares the subject of the buy-back, the total shares on issue will be reduced to 214,302,336 shares;

o Yankuang's representative Mr Cunliang Lai has resigned from the BRL Board; and

o BRL has no further obligations under the BAJV to continue to fund the joint ventures, which has substantially reduced BRL's ongoing costs of operation.

Cash Position and Shareholder Information

Bauxite Resources is in a strong financial position with significant cash reserves and no debt. As at 31 December 2015 the Company held AU$21.1 million in cash.

Following completion of the Yankuang transaction on 21 January 2016, the company received net proceeds of $6m (increasing cash funds to $27.1m), and the number of shares on issue were reduced from 234,002,336 to 214,302,336.

Future Operations

The Board is now focussed on identifying new oportunities both within and outside the mining industry and will undertake reviews of new projects in the coming months. The Company's current cash burn rate is in the process of being reduced significantly, and the revised budgeted cost of operations will be expected to reduce to less than $350k/quarter (before any interest receipts) and all surplus assets will 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 various capital management initiatives.

To view the full report, please visit:
http://media.abnnewswire.net/media/en/docs/ASX-BAU-750339.pdf

About Bauxite Resources Limited:

Bauxite Resources (ASX:BAU) (OTCMKTS:BXRDF) was established with a substantial tenement holding in Western Australia to develop new bauxite supply for the global alumina/aluminium industry. The Company listed on the Australian Securities Exchange (ASX) in October 2007.

The Darling Range in the south-west of Western Australia (WA) is the world's largest bauxite mining and alumina refining region producing around 20% of the world's alumina. This area has mined bauxite and refined alumina since the 1960s. These industries are leaders in sustainable resource development and represent the fifth largest sector of WA's resource industry.

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