

Australian Bauxite Ltd.: Half Yearly 2016 Report and Accounts

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Sydney - [Australian Bauxite Ltd.](#) (ASX:ABX) are pleased to provide the Company's Half Yearly Report and Accounts for the half-year ended 30 June 2016.

REVIEW OF OPERATIONS

Corporate

- In May 2016, at ABx's AGM, all resolutions put to the meeting were passed on a show of hands. Approval given by shareholders to issue 662,423 shares to the Non-Executive directors in lieu of cash consideration for their services

- Group cash balance was \$2.9 million as at 31 August 2016.

- Number of shareholders grows to approximately 2,800.

Operations & Exploration

Bald Hill Bauxite Project. ABx's 1st operating mine

As at 31 January 2016, ABx suspended production at the Company's first mine, Bald Hill bauxite project in northern Tasmania due to an oversupply of bauxite from Malaysia into the China market. ABx had 40,000 tonnes of high quality bauxite stockpiled at Bell Bay port ready for shipping to customers.

Port Stockpile Completely Sold. New shipments being assembled at mine site

During the first half of 2016, ABx identified new markets other than the Chinese metallurgical bauxite market and sold the 40,000 tonnes stockpile as cement-grade bauxite. Furthermore, sales of fertiliser grade bauxite have continued to grow at moderate tonnages in a seasonal agricultural demand cycle.

ABx reopened the Bald Hill bauxite project ahead of schedule on 4 August 2016, in conjunction with its mine contractors, Stornoway, to continue with routine rehabilitation and to commence assembling the next 3 bauxite lots for sale from existing mine stockpiles, including a large ship load, planned for shipment in late 2016. The Company is currently in contact with several repeat business customers and customers seeking long-term contracts that will underpin the recommencement of full-scale mine production from Bald Hill and may justify and early start-up of a second mine nearby at Fingal Rail.

ABx bauxite is a dust free aggregate, ideal for road, rail and sea transport and is very stable in stockpiles. ABx bauxite is rigorously processed by Stornoway contractors at the Bald hill mine, carefully transported pit to port by TasRail and efficiently managed at Bell Bay port by Qube Ports.

Figures 1 to 7 (see link below) show the simple mining, screening and high-standard logistics from the mine to the ship. As sale tonnages grow, this will become cost-competitive with larger bauxite projects which are usually in less well serviced locations.

ABx and its contractors are assembling bauxite stockpiles for a new customer that has satisfactorily tested the ABx product. ABx is also in discussions with several customers to conclude long-term sale contracts that will underpin the opening new bauxite mines in addition to the Bald Hill Bauxite Project.

TasTech Technology can increase revenue & further reduce market risk

The core objective of TasTech is to extract 3 constituent bauxite types from Tasmanian bauxite:

1. High grade, ultra-cleaned metallurgical-grade bauxite for the aluminium industry;
2. Cement-grade bauxite for the manufacture of certified, high specification cement; and,
3. Fertiliser-grade bauxite for the fertiliser industry.

The technology involves 3 steps:

1. A specific mining process to pre-prepare the broken bauxite ore for TasTech processing;
2. During a simple, specific screening and handling process, the bauxite naturally breaks into lumps that each have their own separate chemistry and physical properties;
3. Lumps are separated by low-cost physical processes into the 3 separate bauxite types listed above.

Proof-of-Concept Achieved

Table 1 (see link below) and Figure 8 (see link below) shows the natural grouping of lump qualities after TasTech technology is applied under ideal conditions. This recent fundamental testwork is proof of concept but operational practicalities and customer requirements will change product specifications.

Plot of bauxite Al_2O_3 grades versus TasTech Intensity Index which is a measure of the degree of processing via TasTech technology under ideal conditions.

The natural separation into High Grade Metallurgical Bauxite and Cement Grade Bauxite products is clearly evident in all tests conducted to date.

Table 1 shows the main product grades of the two natural product groups achieved by recent fundamental testwork conducted under ideal conditions.

Operational practicalities and customer requirements will change product specifications.

Exploration

Significant Resource Increase at Fingal Rail Bauxite Project to 6 million tonnes

ABx has announced a significant increase in the cement-grade bauxite resources at the Fingal Rail project located 14kms north of Bald Hill Bauxite Mine (see ASX release dated 25 August 2016).

- Cement-grade bauxite resources for the Fingal Rail Bauxite Project totalled 6.3 million tonnes 1 which is a 5-fold increase compared with its maiden resource estimate of 1.18 million tonnes
- Fingal Rail is considered the most likely second mine for ABx and would be operated by the same operating team that is working on the Bald Hill Mine
- When long-term sale contracts are finalised, ABx will expedite development of Fingal Rail which holds substantial tonnages of cement-grade bauxite and is located immediately adjacent to the rail line (Figures 11 & 12, see link below)
- 90% of Fingal Rail resources meet saleable grade in its raw state but it is anticipated that most of the bauxite production from Fingal Rail Bauxite Project will be dry-screened into a range of quality-assured product types to suit the specific requirements of each customer
- Total Tasmanian bauxite resources now exceed 12 million tonnes (an increase of 33%) 1
- The upgrade to Fingal Rail bauxite resources increase ABx's total resource base for all regions in Eastern Australia to 124 million tonnes, of which 12 million tonnes are in Tasmania

Marketing: Offtake Cooperation Agreement in place

ABx has executed a long-term offtake cooperation agreement with Rawmin Mining and Industries Pvt Ltd (Rawmin) of Mumbai, India. The Offtake Agreement runs for 5 years and covers all bauxite produced by the Company out of Tasmania. The Offtake Agreement provides for Rawmin to purchase a total of up to 4.7 million wet metric tonnes of bauxite over the 5 year period.

The Offtake Agreement further provides for blended shipments of ABx and Rawmin bauxites on a profit sharing basis for any blending profits achieved. ABx and Rawmin are currently working together on a possible sale of metallurgical grade bauxite to a major non-Chinese refinery.

Chinese Metallurgical Bauxite Market to 31 July 2016 Remains Flat

- July tonnages of 3.63Mt are 49% lower than December 2015 and are lower than China's consumption rate.

- Malaysian tonnages down 96% on December 2015 to only 0.15Mt but is still a threat to marketdump again
- Guinean Bauxite keeps flooding into China: 0.87Mt at a remarkably low US\$54.74/t CIF price
- Indian Bauxite supply ceased as Chinese refineries buy Guinean bauxite instead
- Australian bauxite is dominating at 2.1Mt or 59% of the total, mainly from Rio's Weipa and Gove mines but also a trial shipment by Alcoa from its WA mines.
- Average metallurgical bauxite import price remained flat at US\$48.33 per tonne CIF China.

CEMENT GRADE BAUXITE DEMAND IS GROWING:

When cement kilns convert from coal to gas fuel, they must also replace the supply of Al₂O₃ and some Fe₂O₃ that coal ash previously supplied. ABx can now provide both Al₂O₃ and Fe₂O₃ in a tailormade single bauxite product which processes superbly through the cement kilns and makes extrastrong, corrosion-resistant cement, stops kiln blockages, reduces fuel consumption and saves wear on the kiln.

Medium-Term Marketing Strategy

Until metallurgical bauxite markets stabilise, ABx will focus on sales of Cement-Grade, Fertiliser-Grade and other non-metallurgical bauxite markets, with an emphasis on customers that require strict Quality Control and assured technical specifications. Overall, the demand for bauxite cement is growing world-wide - as is the demand for fertiliser-grade bauxite as demand for fertiliser grows in all agricultural areas across Australia and internationally.

To view tables and figures, please visit:
<http://abnnewswire.net/lnk/W67TXLO3>

About Australian Bauxite Ltd:

[Australian Bauxite Ltd.](#) (ABx) (ASX:ABX) has started its first bauxite mine in Tasmania and holds the core of the Eastern Australian Bauxite Province. ABx's 37 bauxite tenements in Queensland, New South Wales and Tasmania exceed 5,000 km² and were rigorously selected for (1) good quality bauxite; (2) near infrastructure connected to export ports; and (3) free of socio-environmental constraints. All tenements are 100% owned, unencumbered & free of third-party royalties.

ABx's discovery rate is increasing as knowledge, technology and expertise grows.

The Company's bauxite is high quality gibbsite trihydrate (THA) bauxite and can be processed into alumina at low temperature.

ABx has declared large Mineral Resources at Inverell and Guyra in northern NSW, Taralga in southern NSW, Binjour in central QLD and in Tasmania confirming that ABx has discovered significant bauxite deposits including some of outstandingly high quality.

In Tasmania, at Bald Hill, the Company's first bauxite mine commenced operations on schedule on 9 December 2014 – the first new Australian bauxite mine for more than 35 years.

ABx aspires to identify large bauxite resources in the Eastern Australian Bauxite Province, which is emerging as a globally significant bauxite province. ABx has created significant bauxite developments in 3 states - Queensland, New South Wales and Tasmania. Its bauxite deposits are favourably located for direct shipping of bauxite to both local and export customers.

ABx endorses best practices on agricultural land, strives to leave land and environment better than we find it. We only operate where welcomed.

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