



AUSTRALIAN **BAUXITE** LIMITED

ASX Code: ABX

Exploration update. High quality refractory-grade bauxite discovered inland of Port Kembla

ABx has discovered a layer of refractory-grade bauxite in Penrose state pine forest, adjacent to the Hume Highway, 90 kilometres from Port Kembla.

Refractory-grade bauxite is used for heat containment and abrasives and can sell for up to 5 times the current price of metallurgical grade bauxite. ABx currently sells bauxite into cement and fertiliser markets at prices higher than could be achieved in the over-supplied metallurgical bauxite market. The recent discovery of a layer of high-quality refractory-grade bauxite opens up the possibility of a new, high-priced market for ABx's bauxite products to add to its existing suite of bauxite products.

ABx CEO, Ian Levy said; "In late 2015, the company was granted its long-awaited tenement over Penrose state pine forest which is close to transport infrastructure and suited to quarrying during forest harvest cycles. The discovery of a thick layer of high-value refractory-grade bauxite is a positive development. Exploration of extensions to this deposit will continue simultaneously with market testing of this special bauxite product which is in critical short supply in Australia and globally. This will assist the marketing of ABx's current cement-grade and fertiliser-grade bauxite products from its first mine at Bald Hill in Tasmania."

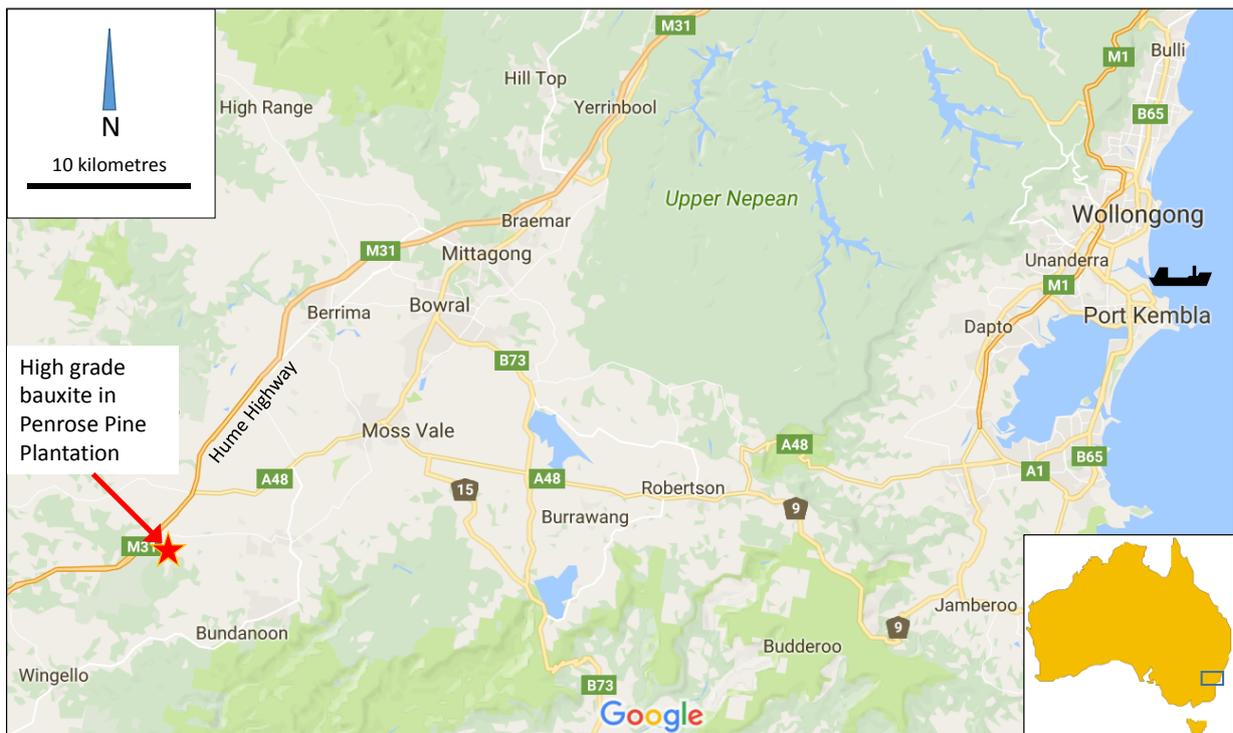


Figure 1: Location of refractory-grade bauxite discovery in Penrose state pine forest & transport infrastructure

Table 1: Significant Results: Samples of layers exposed in excavation (see Figures 2 to 5 next page)

Sample	Layer	Al ₂ O ₃	SiO ₂	Fe ₂ O ₃	TiO ₂	LOI	Al ₂ O ₃	Rx SiO ₂
		%	%	%	%	%	Avl % *	% *
GB119	Top	39.80	4.99	34.90	5.06	14.83	n.a.	n.a.
GB117	Middle	48.40	7.59	8.93	8.84	25.75	n.a.	n.a.
TQ001	Bottom	53.53	7.28	2.79	6.67	29.37	49.20	5.30

* Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. All assays are for bulk, raw unsieved samples

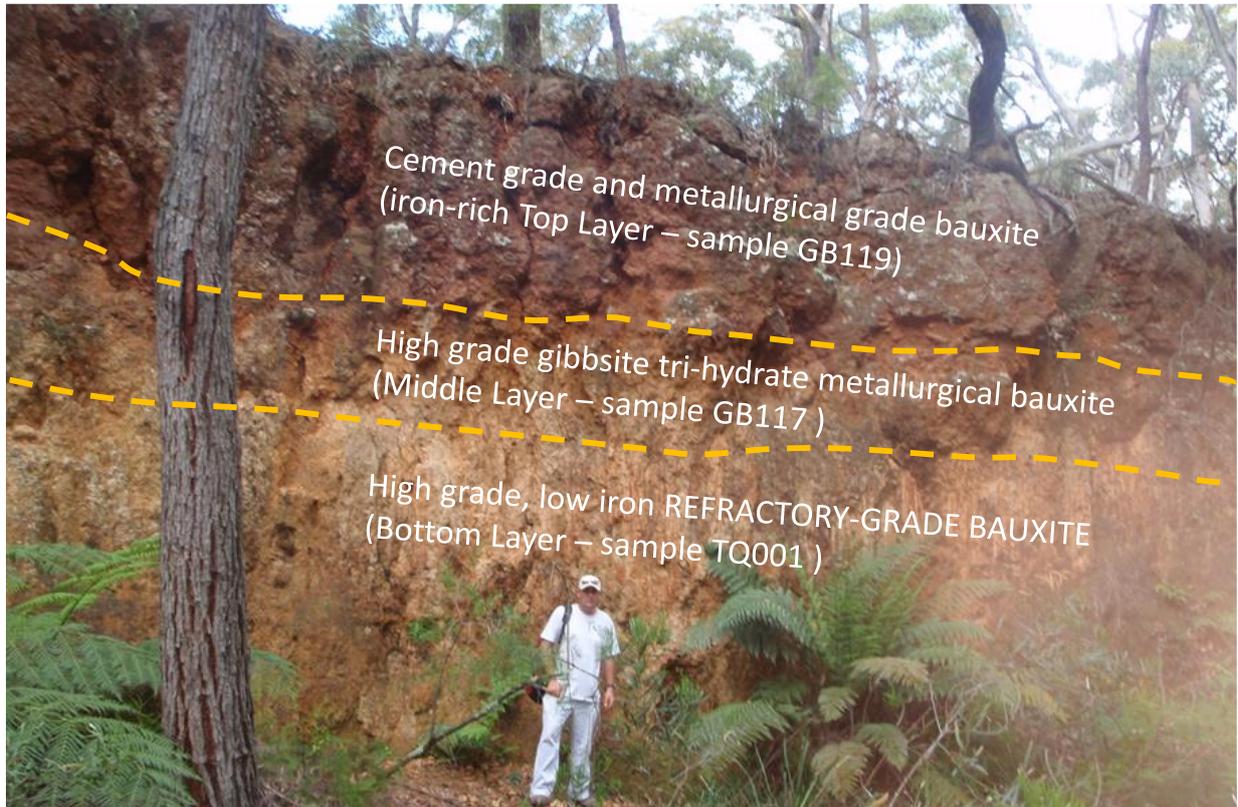


Figure 2: Excavation showing the refractory-grade bauxite as a thick lower layer in a 3-layered bauxite formation



Figure 3: Locations of Table 1 samples



Figure 4: Sample TQ001 refractory bauxite, bottom layer



Figure 5: thick layer of high-grade refractory bauxite

Surface sampling in Penrose state pine forest

Surface exposures of bauxite in the Penrose Forest Exploration Licence EL 8370 tends to be iron-rich and gives no indication of the presence of deeper layers of higher grade and refractory grade bauxite.



Figure 6
Sample site
for samples
PF002 &
PF003

Note the worn road surface showing the mixture of cement-grade (dark) & metallurgical grade bauxite (light coloured). Samples are mixtures of both bauxite types.

Table 2: Surface sampling results across Penrose State Pine Forest

Sample	Layer	Al ₂ O ₃ %	SiO ₂ %	Fe ₂ O ₃ %	TiO ₂ %	LOI %	Al ₂ O ₃ Avl % *	Rx SiO ₂ % *
PF002	Surface	46.09	5.98	14.55	6.63	26.3	44.10	1.40
PF003	Surface	48.71	4.15	11.85	6.96	27.9	45.70	2.40
GB107	Surface	43.90	8.70	16.60	6.11	23.90	n.a.	n.a.
GB108	Surface	49.50	5.21	11.90	6.42	26.27	n.a.	n.a.
GB109	Surface	49.70	5.69	10.60	6.52	26.71	n.a.	n.a.
GB110	Surface	45.10	7.96	16.10	6.21	24.22	n.a.	n.a.
GB111	Surface	47.30	11.35	21.20	5.53	14.06	n.a.	n.a.
GB116	Surface	44.20	6.33	17.60	8.53	23.08	n.a.	n.a.

* Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. All assays are for bulk, raw unsieved samples



Qualifying statements

Information in this report relating to Exploration Information & Mineral Resources are based on information compiled by Jacob Rebek & Ian Levy who are members of The Australasian Institute of Mining & Metallurgy & the Australian Institute of Geoscientists. Mr Rebek & Mr Levy are qualified geologists & Mr Levy is a director of ABx.

Mr Rebek & Mr Levy have sufficient experience, which is relevant to the style of mineralisation & type of deposit under consideration & to the activity, which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources & Ore Reserves. Mr Rebek & Mr Levy have consented in writing to the inclusion in this report of the Exploration Information in the form & context in which it appears.

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About Australian Bauxite

ASX Code ABX

Latest News: www.australianbauxite.com.au

Australian Bauxite Limited (ABx) has started its first bauxite mine in Tasmania and holds the core of the Eastern Australian Bauxite Province. ABx's 22 bauxite tenements in Queensland, New South Wales & Tasmania exceed 1,975 km² and were rigorously selected for

(1) good quality bauxite; (2) near infrastructure connected to export ports; & (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 & expertise grows.

The Company's bauxite is high quality gibbsite trihydrate (THA) bauxite & can be processed into alumina at low temperature and is perfect for cement manufacture and for fertiliser production.

ABx has declared large Mineral Resources at Inverell & Guyra in northern NSW, Taralga in southern NSW, Binjour in central QLD & 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 customers.

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

Directors / Officers

Paul Lennon Chairman
Ken Boundy Director

Ian Levy CEO & MD
Henry Kinstlinger Secretary

Leon Hawker Chief Operating Officer

Paul Glover Logistics & Exploration Manager
Jacob Rebek Chief Geologist

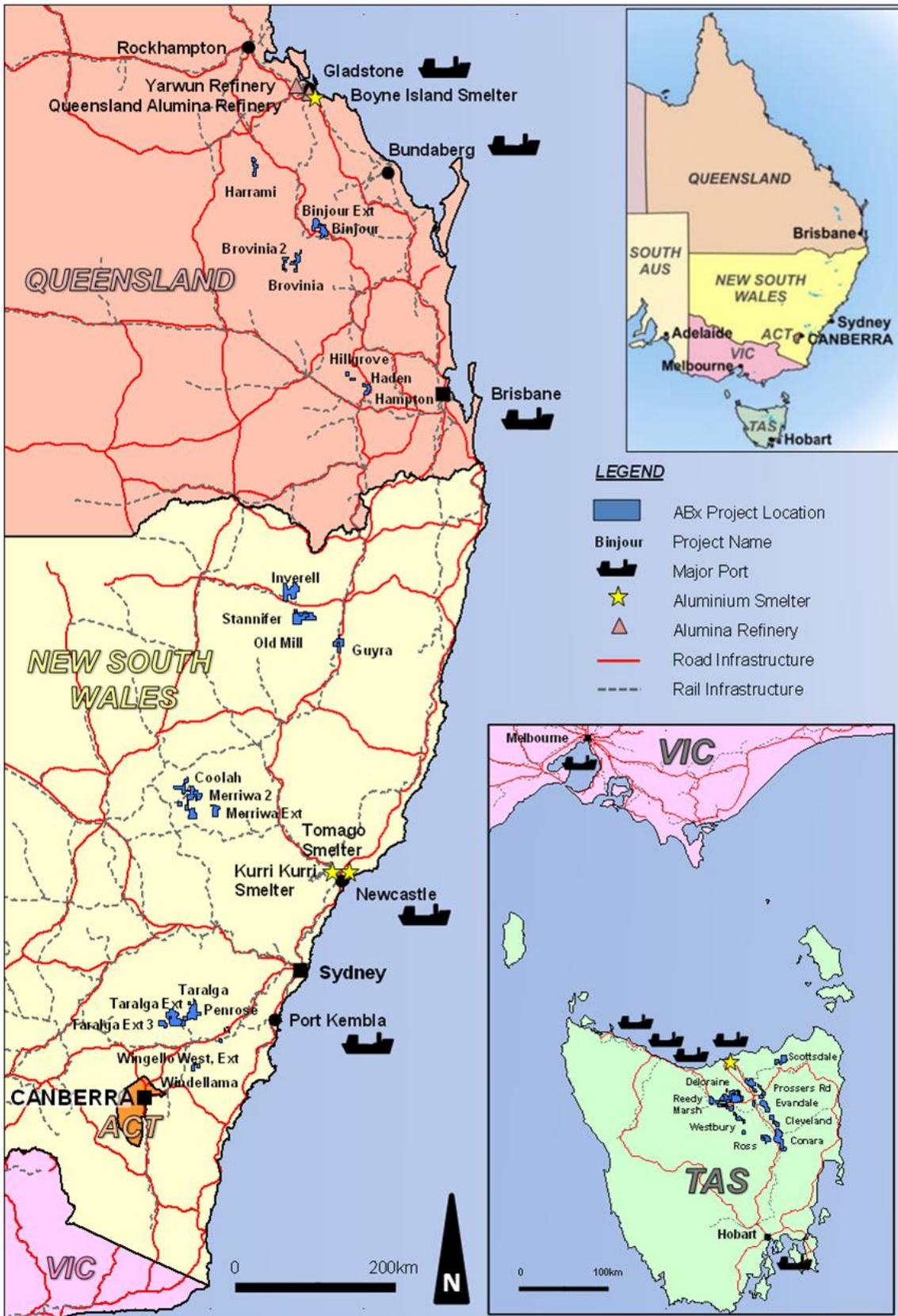


Figure 7: ABx's Project Tenements & Infrastructure in Tasmania, NSW & QLD, Eastern Australia

APPENDIX 1

Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves "The JORC Code": Table 1

Section 1 – Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling 	<ul style="list-style-type: none"> Surface samples across tenements to locate bauxite In places, reverse circulation aircore drillhole samples at 1 metre depth intervals.
	<ul style="list-style-type: none"> Measures to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. 	<ul style="list-style-type: none"> Representivity verified by duplicated surface samples, twinned holes, drill sampling tests at 0.5 metre intervals, core holes and bulk pits. Correlations are moderate to good.
	<ul style="list-style-type: none"> Material aspects of the determination of mineralisation. 	<ul style="list-style-type: none"> Bauxite identified geologically & field lab tests, ¼ samples sent to ALS Laboratories Brisbane. Representative unscreened bauxite-samples are assayed whole. Some drill samples are wet-screened at 0.26mm; recovered bauxite is assayed to assess screened bauxite qualities. Laboratory yields bear an indirect relationship with actual production yields which have averaged above 65% in bulk tests & mining.
Drill method	<ul style="list-style-type: none"> Drill type 	<ul style="list-style-type: none"> Reverse circulation aircore drilling.
Drill sample recovery	<ul style="list-style-type: none"> Recording and assessing chip sample recoveries and results assessed. 	<ul style="list-style-type: none"> Weigh samples, volume estimates, comparisons with bulk pits.
	<ul style="list-style-type: none"> Measures taken to maximise sample recovery & ensure representative samples. 	<ul style="list-style-type: none"> Lowest practical air pressure used, steady drill speed. Drilling contractor is paid per day not per metre.
	<ul style="list-style-type: none"> Relationship between sample recovery and grade and possible sample bias. 	<ul style="list-style-type: none"> No relationship has been observed between core recovery & grade.
Logging	<ul style="list-style-type: none"> Have chip samples been geologically & geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies & metallurgical studies. 	<ul style="list-style-type: none"> Every metre of drill chips is logged geologically, photographed, assayed and all data recorded in ABacus database. Geotechnical tests are done during bulk test pits and trial mining.
	<ul style="list-style-type: none"> Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. 	<ul style="list-style-type: none"> Geological logging & field lab tests. Channel sampling, bulk sampling & screened samples of bulk pits. All samples are photographed & stored in database.
	<ul style="list-style-type: none"> The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> 100% logged. Report lists total metres drilled, sampled & assayed.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> For non-core samples, whether riffled, tube sampled, rotary split, etc & if sampled wet or dry. 	<ul style="list-style-type: none"> Quartered sampling done on undried aircore chip samples, as drilled. Bauxite is dry.
	<ul style="list-style-type: none"> Nature, quality and appropriateness of the sample preparation technique. 	<ul style="list-style-type: none"> Sample preparation technique suits bauxite type. Confirmed by multi-tests.
	<ul style="list-style-type: none"> Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. 	<ul style="list-style-type: none"> Repeated sub-sampling and twinned holes produces comparable laboratory results within natural variance range.
	<ul style="list-style-type: none"> Measures to ensure sampling representativeness of the in situ material collected. 	<ul style="list-style-type: none"> Repeated sub-sampling & twinned holes produces comparable results within natural variance range.
	<ul style="list-style-type: none"> Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Sample sizes are appropriate to the grain size of the material being sampled. Complies with sampling theory.
	<ul style="list-style-type: none"> Nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. 	<ul style="list-style-type: none"> ALS uses industry-standard techniques for total analysis for trihydrate bauxite types. Confirmed by inter-lab tests & customers are satisfied with ALS laboratory results after testing many samples.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make, model, reading times, calibrations factors applied & their derivation, etc. 	<ul style="list-style-type: none"> Handheld XRF results in field laboratory used to select samples for ALS laboratory analyses. Calibration studies done and standards used. Machine is serviced regularly.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) & whether acceptable levels of accuracy (ie lack of bias) & precision have been established. 	<ul style="list-style-type: none"> Repeated sub-sampling & twinned holes produces comparable laboratory results within natural variance range. Laboratory standards statistically assessed during resource estimation.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> Repeated sub-sampling and twinned holes produces comparable laboratory results within natural variance range. Twinned holes done often. Well-established professional database procedures, including links back to Lab data certificates, original logging sheets and sample photos. When not material, some in-situ data can be estimated mathematically from screened lab results of the same samples.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Drill holes sited using hand-held GPS accurate within 2 metres horizontally and within 3 metres vertically. No down-hole surveys required for 15 metre deep vertical holes. GCS GDA 1994 (airphotos) & WGS84 UTM zone 55 (for GPS locations) Digital 5 metre topographic contours
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Is data spacing and distribution sufficient to establish degrees of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation? Has sample compositing been applied? 	<ul style="list-style-type: none"> Not specified. Drill spacing is suitable for estimation of Inferred & Indicated resources but not Measured which may need mine confirmation. Spacings confirmed geostatistically. No sample compositing done.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. Has orientation of drilling & key mineralised structures introduced a sampling bias? 	<ul style="list-style-type: none"> Shallow vertical holes are used to test surface layer of bauxite as done by all bauxite companies. Comparisons with bulk pits samples are satisfactory No bias has been detected from comparisons between drillhole results and bulk pit results.
Sample security	<ul style="list-style-type: none"> Measures taken to ensure sample security. 	<ul style="list-style-type: none"> Chain of custody methods, wire-tying & plastic wrapping of pallets of samples.
Audits or reviews	<ul style="list-style-type: none"> Results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> Audits by major firms and potential customers have been satisfactory.

Section 2 – Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> EL 8370 Penrose Forest, EL 7546 Penrose (relinquished), EL 7279 Wingello West (relinquished), ELA 5458 over Penrose Forest extensions (in application) All exploration Licences listed in this report are owned 100% by ABx2 Pty Limited, a wholly owned subsidiary of Australian Bauxite Limited and free of 3rd party encumbrances, joint ventures, royalties, native title, historical sites, wilderness or national parks or socio-environmental constraints. All tenements are in good standing. A licence to operate requires a landholder access agreement, a granted Mining Lease and an acceptable Development Plan and Environmental Management Plan.

Criteria	JORC Code explanation	Commentary
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Bauxite was discovered in the area during the 1930s and quarried for Port Kembla steel-making (open hearth furnaces) by BHP in the 1940s &50s. 50% of the bauxite deposits are new discoveries by ABx using its proprietary exploration technology.
<i>Geology</i>	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Bauxite formed on Tertiary volcanic tuffs. Reasons for high-grade refractory-type bauxite layers at depth is still being researched.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> coordinates of hole collar dip and azimuth of the hole down hole length & interception depth hole length. 	<ul style="list-style-type: none"> Material exploration results are reported in the release.
	<ul style="list-style-type: none"> If the exclusion of this information is justified, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> N.A.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material & should be stated. 	<ul style="list-style-type: none"> Uncut assays used due to normal distribution.
	<ul style="list-style-type: none"> Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated. 	<ul style="list-style-type: none"> Not applicable: simple length weighting of standard 1 metre long samples grading above the cut-off grades is used.
	<ul style="list-style-type: none"> Metal equivalent value assumptions. 	<ul style="list-style-type: none"> None used.
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. 	<ul style="list-style-type: none"> Intercept length down hole equals the bauxite mineralisation true width.
	<ul style="list-style-type: none"> If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. 	<ul style="list-style-type: none"> Holes are vertical and the bauxite is horizontal geometry.
	<ul style="list-style-type: none"> If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect. 	<ul style="list-style-type: none"> Not applicable: bauxite mineralisation is horizontal; perpendicular to the vertical holes.
<i>Diagrams</i>	<ul style="list-style-type: none"> Appropriate maps & sections (with scales) & tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations & appropriate sectional views. 	<ul style="list-style-type: none"> Summarised maps are shown in the report.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> Summarised in the report, with examples shown as appropriate.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> Other exploration data, if meaningful & material, (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size & method of treatment; metallurgical test results; bulk density, groundwater, geotechnical & rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> Material exploration data included in the report.
<i>Further work</i>	<ul style="list-style-type: none"> Nature & scale of planned further work. 	<ul style="list-style-type: none"> Summarised in the report.
	<ul style="list-style-type: none"> Diagrams clearly highlighting areas of possible extensions, including the main geological interpretations & future drilling areas. 	<ul style="list-style-type: none"> Summarised in the report except where commercially sensitive.