

BAUXITE RESOURCES LIMITED

JUNE 2016 QUARTERLY REPORT

Highlights

- Proposed 5 cent per share return of capital was approved by shareholders on 10th June 2016 and the payment was completed on 21 June 2016
- Lort River Lithium Project application tenement was secured between Pioneer Resources Limited and Metalicity Limited tenement holdings between Ravensthorpe and Esperance in Western Australia
- Final funds received from the sale of BRL's interest in the BAJV, and the rights for the Fortuna deposit were approved confirming the royalty of the equivalent of 50c/tonne* on the first 100 million tonnes mined from the tenements
- Cash at bank at 30 June 2016 was A\$16.9m following the Capital Return of \$10.7m during the quarter. The Company has no debt and additional assets including two rural properties in the Bindoon area of Western Australia
- Exploration activities continued at minimal levels on the HD Mining (HDJV) tenements with agreement reached with HD Mining to pay outstanding JV costs during the quarter. A budget has been agreed for 2016/2017 with BRL to recommence exploration activities, fully funded by HD Mining. The current resource base is 87.8Mt – HD Mining have an 'earn in' of up to 60% on decision to mine
- BRL continues to consider further 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

* BRL's royalty right of 0.9% of the FOB price (presently estimated to be worth approx. 50 cents per tonne)

28 July 2016



ASX Code: BAU

BAUXITE RESOURCES LTD

ABN: 72 119 699 982

DIRECTORS:

Robert Nash

Non Executive Chairman

Luke Atkins

Non Executive Director

Neil Lithgow

Non Executive Director

Zhaozhong Wang

Non Executive Director

**CHIEF EXECUTIVE OFFICER AND
COMPANY SECRETARY:**

Sam Middlemas

Head Office:

Suite 10, 295 Rokeby Road
Subiaco WA 6008

Mail:

Suite 10, 295 Rokeby Road
Subiaco WA 6008

T: +61 8 9200 8200

F: +61 9 9200 8299

E: admin@bauxiteresources.com.au

W: www.bauxiteresources.com.au

Share Registry:

Security Transfer Registrars

PO Box 535

Applecross WA 6953

T: +61 8 9315 2333

F: +61 8 9315 2233



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 led to HD Mining deferring a decision to commence a feasibility study, and a reduction of exploration to minimal levels. Negotiations have now been concluded and a budget for 2016/2017 has been agreed that will allow exploration to recommence. HD Mining will continue to fully fund all exploration, and it has now also paid its outstanding JV contribution commitments.

NEW EXPLORATION PUSH INTO LITHIUM PROJECT

Bauxite secured an application exploration licence E74/595 on ground prospective for Lithium.

Lort River Lithium Project - E74/595

The Lort River Lithium Project is located between Ravensthorpe and Esperance and approximately 120 km east of the Mt Cattlin Lithium Mine in Western Australia, see figure 1 below. The project comprises an exploration licence application that covers 68 graticular blocks.

The application lies between Pioneer Resources Limited's recently pegged leases to the east (E74/581 and E63/1776) and Metalicity Limited's tenement (E74/574) to the west.

A Geoscience Australia stream sediment sample taken in the south of the tenement returned an elevated lithium value. Publically available soil geochemistry sampling is limited within the tenement however extensive soil geochemistry lithium anomalies exist along structural trends immediately adjacent to the tenement.

Assessment of the project area and advice of the planned exploration work programs will be provided in due course.

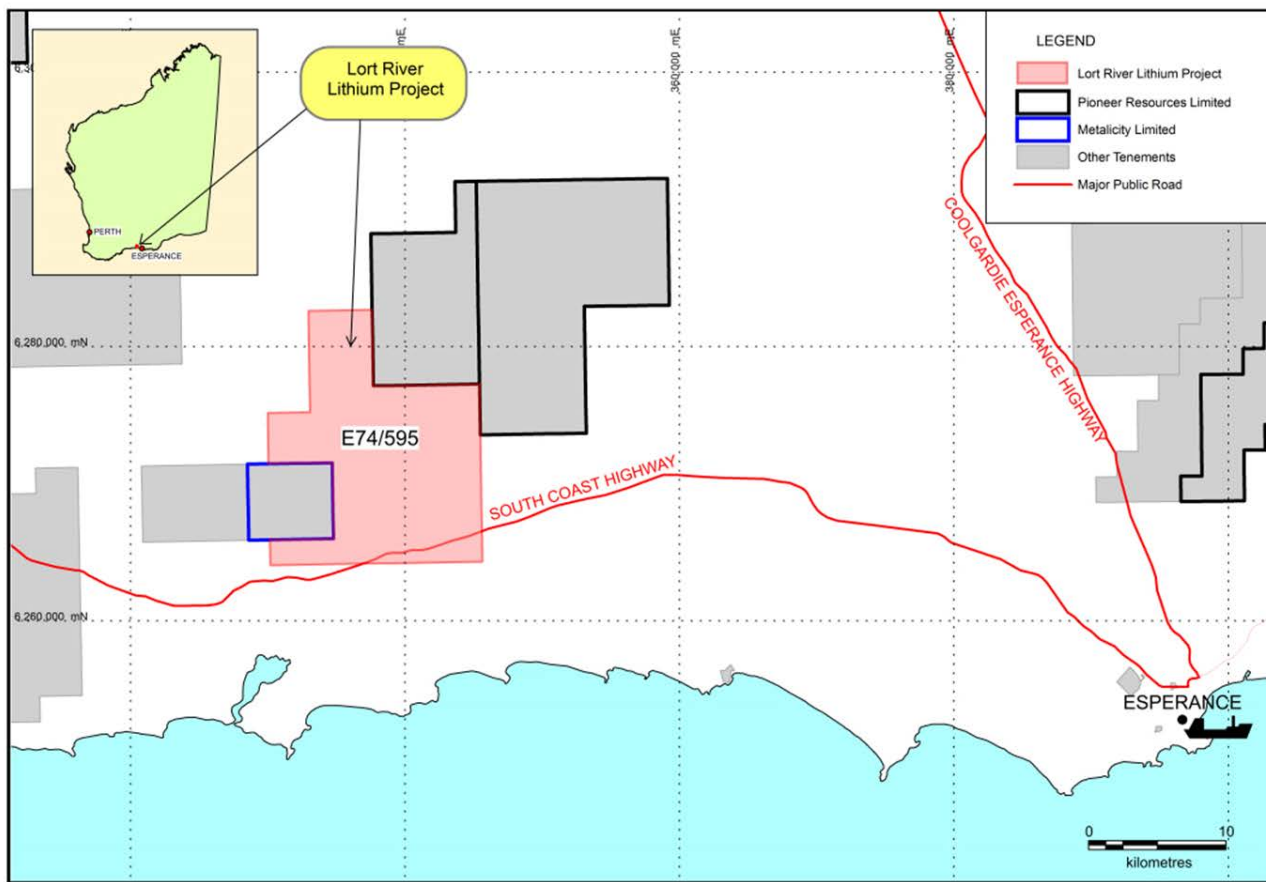


Figure 1 – Lort River Lithium Project – E74/595 Location Plan

CORPORATE

Return of Capital

Following a review of the Company’s funding requirements for its operations, projects and working capital the board identified surplus cash to the Company’s requirements and consequently proposed a capital return of 5 cents per Share to Shareholders.

The return was proposed on 29th April 2016, approved by Shareholders at its Extraordinary General Meeting on 10th June 2016 and paid out on 21st June 2016 and has resulted in a reduction of cash in the order of approximately \$10.7 million, leaving the Company’s with its current cash reserves of \$16.9 million.

The Company believed the capital return was in the interests of all Shareholders and provided a return of excess capital to our loyal Shareholders leaving the Company with sufficient funds to progress its business development activities following the sale of its interest in the BAJV to its Chinese JV Partner Yankuang.



Finalisation of the of Sale BRL's Interest in BAJV

Final funds were received from the sale of BRL's interest in the joint ventures with its Chinese partner Yankuang Resources. Mercator Metals Pty Ltd also executed the Deed of Variation & Assumption on the Fortuna tenement required under the Yankuang Sale Agreement to approve the assignment of the Fortuna bauxite rights on 20 April 2016.

This now allows for the Fortuna tenement to be included in BRL's royalty right of 0.9% of the FOB price (presently estimated to be worth approx. 50 cents per tonne) from the sale of the first 100 million tonnes of bauxite mined from the Felicitas and Fortuna tenements.

Cash Position and Shareholder Information

Bauxite Resources is in a strong financial position with significant cash reserves and no debt. As at 30 June 2016 the Company held AU\$16.9 million in cash.

Future Operations

The Board continues its focus on identifying new opportunities both within and outside the mining industry and is undertaking reviews of new projects.

The Company's current cash burn rate has been reduced significantly, and it is expected to maintain these levels in the near term with surplus assets continuing to 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 additional capital management initiatives.

Sam Middlemas, CEO, Bauxite Resources Ltd

28 July 2016

The Company advises that this material contains summaries of Mineral Resources as defined in the JORC Code 2012, and confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions continue to apply.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Bauxite Resources Limited

ABN

72 119 699 982

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	373	629
1.2 Payments for (a) exploration & evaluation	(111)	(943)
(b) development	-	(101)
(c) production	-	-
(d) administration	(201)	(2,080)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	193	685
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	254	(1,810)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments (BAJVs)	85	7,235
(c) other fixed assets	15	308
1.10 Loans to other entities	-	(250)
1.11 Loans repaid by other entities	-	50
1.12 Other (Return of security deposit)	7	329
Other (Net movement from dissolution of BAJVs investment)	-	(46)
Net investing cash flows	107	7,626
1.13 Total operating and investing cash flows (carried forward)	361	5,816

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	361	5,816
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Yankuang selective share buyback)	-	(1,150)
	Other (Share issue costs)	(11)	(13)
	Other (Return of Capital)	(10,715)	(10,715)
	Net financing cash flows	(10,726)	(11,878)
	Net increase (decrease) in cash held	(10,365)	(6,062)
1.20	Cash at beginning of quarter/year to date	27,301	22,998
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	16,936	16,936

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	89
1.24	Aggregate amount of loans to the parties included in item 1.10	N/A

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, director's fees and consulting fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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+ See chapter 19 for defined terms.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	105
4.2 Development	-
4.3 Production	-
4.4 Administration	270
Total	375

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	413	497
5.2 Deposits at call	16,523	26,804
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	16,936	27,301

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Darling Range WA			
	E70/3652	Expired	100%	0%
	E70/4595	Surrendered	100%	0%
	E70/4300	Application Withdrawn	100%	0%
	E70/3160	Partial Surrender	100%	100%
	E70/3179	Partial Surrender	100%	100%
	E70/3180	Partial Surrender	100%	100%
	E70/3405	Partial Surrender	100%	100%
	E70/3890	Partial Surrender	100%	100%
	Darling Range WA			
	E70/3002	Following tenements transferred to Yankuang Resources Pty Ltd	30%	0%
	E70/3007		30%	0%
	E70/3064		30%	0%
	E70/3159		30%	0%
	E70/3432		30%	0%
	E70/3488		30%	0%
	E70/3565		30%	0%
	E70/3573		30%	0%
	E70/3598		30%	0%
	E70/3624		30%	0%
E70/3644	30%		0%	
E70/3651	30%		0%	
E70/3731	30%		0%	
E70/4021	30%		0%	
E70/4022	30%	0%		
6.2 Interests in mining tenements and petroleum tenements acquired or increased	Lort River E77/595	Application	0%	100%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter


Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	214,302,336	214,302,336		
7.4 Changes during quarter (a) Increases through issues (performance rights) (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				
7.13 Performance Rights <i>(totals only)</i>	120,000	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 28 July 2016
(Company secretary)

Print name: Sam Middlemas

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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