



AUSTRALIAN **BAUXITE** LIMITED
ASX: ABX

About Australian Bauxite Limited ASX Code ABX

Australian Bauxite Limited (ABx) is establishing its first mine in Tasmania and holds the core of the Eastern Australian Bauxite Province. ABx's 36 bauxite tenements in Queensland, New South Wales & Tasmania covering 4,416 km² 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 bauxite & can be processed into alumina at low temperature – the type in short-supply globally.

ABx has declared 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 is targeted for production in late December 2014.

ABx aspires to identify large bauxite resources in the Eastern Australian Bauxite Province, which is emerging as one of the world's best bauxite provinces. ABx has the potential to create significant bauxite developments in three states - Queensland, New South Wales & 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.

Directors / Officers

Paul Lennon	Chairman
Ian Levy	CEO & MD
Ken Boundy	Director
Kon Tsiakas	Director

Henry Kinstlinger	Secretary
Julian Rockett	Secretary

Australian **Bauxite** Limited

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ASX Symbol: ABX (previously ABZ)

Latest News: www.australianbauxite.com.au

Archived ASX Reports (including ABZ):

<http://www.asx.com.au/asx/statistics/announcements.do?by=issuerId&issuerId=6979&timeframe=D&period=M6>

QUARTERLY REPORT

Quarterly Activities Statement to 30 September 2014.

Quarterly report dated 27 October 2014 for three months to 30 September 2014.

PRINCIPAL POINTS

Corporate

- Strategic alliance announced with Noble Group Limited (SGX: N21) where Noble to provide \$6 million project finance supported by a \$2 million stand by facility. Noble to take 50% offtake of product produced from Tasmania.
- Group available cash is in the order of \$1.62 million.

Exploration & Development

- First Tasmanian mining lease at Bald Hill (ML 1961) granted in September 2014. Second mining lease planned at Fingal Rail bauxite project, 11km north of Campbell Town
- Mining target area enlarged at DL 130 prospect in northern Tasmania, within 75 km of the Bell Bay Export Port.
- Development proposal and environment management plan (DPEMP) was lodged with the Tasmanian EPA and local council for public display prior to the development approval being granted.
- The 28-day public disclosure period for the DPEMP closed on Friday 24 October with no comments having been received.

Tenement status

All tenements are in good standing & 100% owned.

Bauxite Market

Bauxite prices and the Australian dollar exchange rate are continuing to improve in line with, or exceeding expectations.

Prospective customers have tested bulk samples of Bald Hill bauxite and all have expressed an interest in purchasing the bauxite, which will be sold via Noble's global marketing offices and networks.



Corporate

Strategic alliance with Noble Group

- Noble to provide A\$6 million project finance supported by A\$2 million stand-by facility if required to expand the operations
- Noble to provide marketing and supply chain management services for 50% of the production on an open book basis
- Noble to off-take balance 50% of production as principal for the first 4 years to support product market entry and project start-up
- Agreement to apply to all ABx Tasmanian projects. Other projects in NSW & QLD excluded

ABx4 Pty Ltd (**ABx⁴**), a wholly owned subsidiary of Australian Bauxite Limited (ASX: ABx), has concluded a binding term sheet with Noble Resources International Pte Ltd (**Noble**) granting Noble the exclusive global marketing rights in respect to the Tasmanian Project, in consideration for Noble agreeing to enter into the Loan Facility and supportive marketing-offtake agreements (**Term Sheet**).

The terms of the Term Sheet are binding on the parties.

ABx⁴ and Noble are to complete long form agreements, within 30 days, consisting of a Loan Facility, Marketing Agreement, Marketing Royalty Deed and Noble Offtake Agreement.

The non-confidential terms are summarised below.

"This strategic alliance will accelerate ABx's entry into the current strong bauxite market by providing finance and access to Noble's global marketing network. We look forward to being involved in the branding of the low SiO₂ ABx bauxite products, maximising value for shareholders and supporting the Tasmanian economy over the medium term." Will Randall, Director, Noble Resources International Pte Ltd said.

ABx CEO, Ian Levy said; "It is an ideal outcome for shareholders. Noble has a proven track record in helping independent miners in Australia. Noble provides the funding, supportive offtake and marketing alliance that we wanted to rapidly enter the bauxite market. ABx has the same market outlook as Noble and has the flexibility to exploit market niches and grow stronger every year. We look forward to a long, mutually beneficial relationship with Noble.

"We are grateful for the support from investors and Tasmanian stakeholders. It's time for us to deliver."

Loan Facility

The \$6 million and \$2 million loan facilities are to each be repaid within two years from their first drawdown dates. It is anticipated that A\$1 million will be required for the first drawn-down by December 2014 when the project is planned to commence.

Interest will accrue at a rate of 8.75% per annum on the outstanding balance. ABx will provide a guarantee over its Tasmanian assets as security and Noble has been granted the first right of refusal on providing further funding in respect to the Tasmanian Project.

Marketing Agreement

Noble will be the marketing agent for all Product for the life of the Tasmanian Project, with open-book administrative, procedural and reporting arrangements with ABx⁴ so that sales will be mutually agreed.

Noble Offtake Agreement

Noble has agreed to purchase 50% of Product from the Tasmanian Project for the first four years at an agreed fixed price.



Marketing Royalty Deed

Noble will be paid a royalty of 2.5% on all Product sold from the Tasmanian Project for the life of the Tasmanian Project but not for tonnes purchased by Noble under the Noble Offtake Agreement.

Definition of Product: All bauxite produced or mined in Tasmania from the Tasmanian Project.

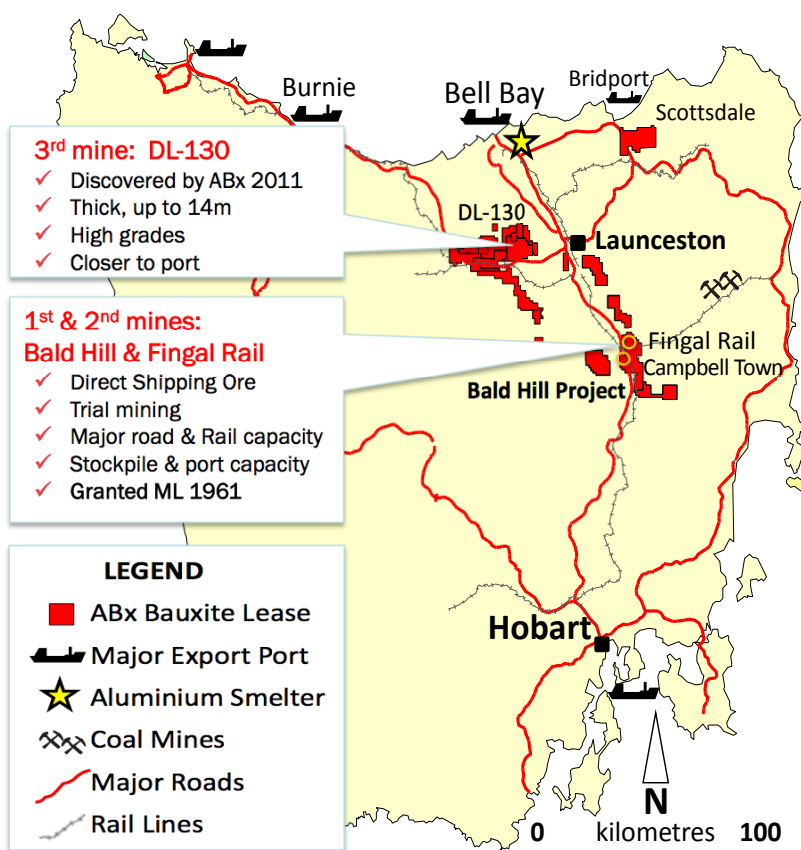
About Noble Resources

Noble Resources is a wholly owned subsidiary of Noble Group Limited (“Noble”) (SGX: N21) which manages a portfolio of global supply chains covering a range of agricultural and energy products as well as metals, minerals and ores. Operating from over 140 locations and employing more than 70 nationalities, Noble facilitates the marketing, processing, financing and transportation of essential raw materials. Sourcing bulk commodities from low cost regions such as South America, South Africa, Australia and Indonesia, Noble supplies high growth demand markets, particularly in Asia and the Middle East. In order to ensure the integrity of its supply chains, Noble has a portfolio of interests in strategic logistics and processing assets which form an integral part of facilitating its key trade flows. Noble is ranked number 76 in the 2013 Fortune Global 500.

For further information visit Noble’s website www.thisisnoble.com.

Exploration & Development

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100 km by Road or Rail



Figure 1: Locations of Projects and Infrastructure in Tasmania

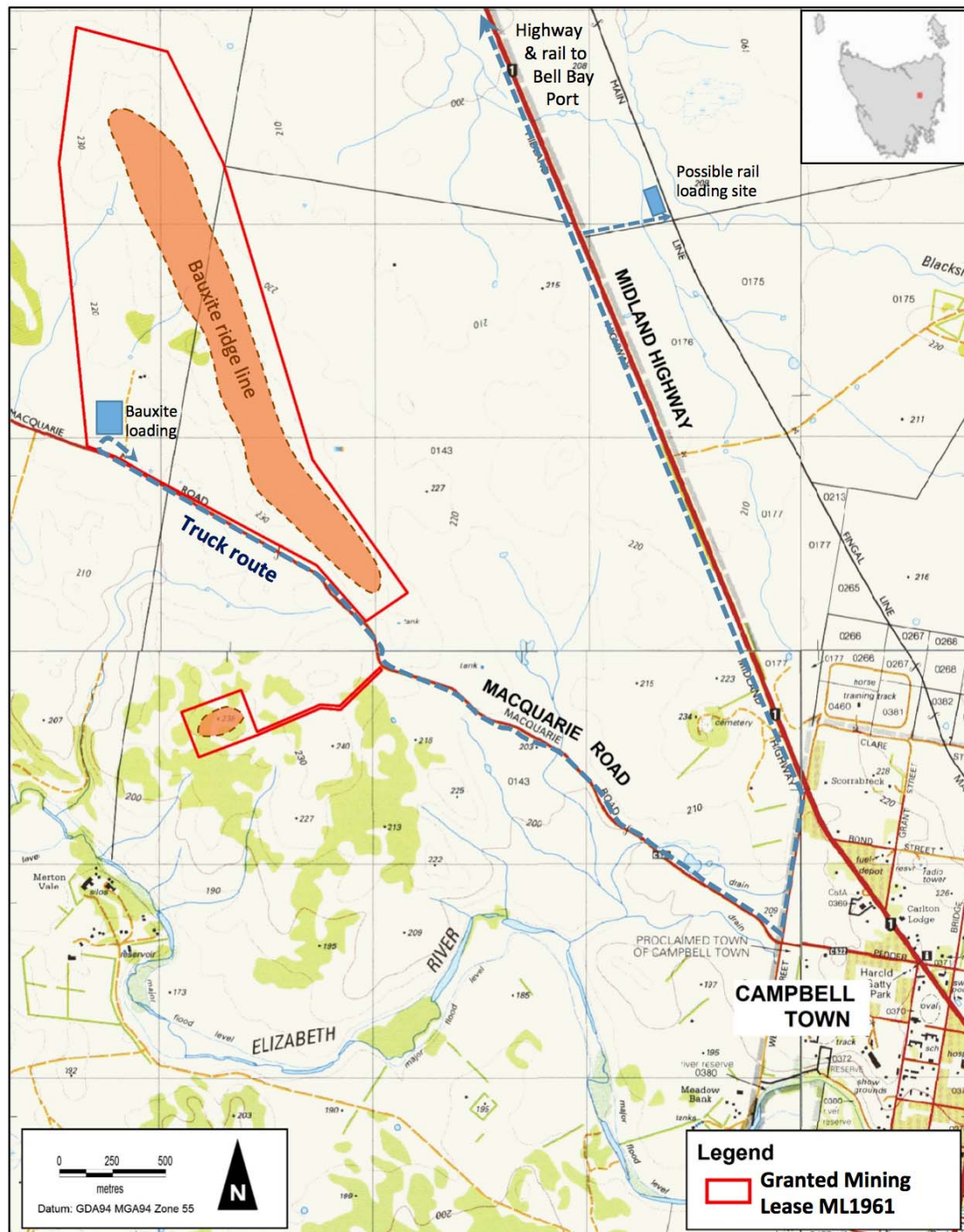


Figure 2: Bald Hill Mining Lease ML1961, Campbell Town, Tasmania

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Figure 3: ABx Project Tenements and Major Infrastructure

Bauxite Market Commentary

- Tonnes imported into China in September totalled 2.9 million tonnes, slightly less than the 3.1 million tonnes in July'14
- Prices CIF China still rising on trend, averaging US\$59.67 and a record A\$68.18/t in AUD\$
- A\$:US\$ Fx rates weakening as predicted when ABx commenced project approval in 2012
- Indian bauxite prices rose as predicted in September to US\$59.19 after India imposed 20% export tax
- Low shipping costs are masking the underlying increasing bauxite prices.

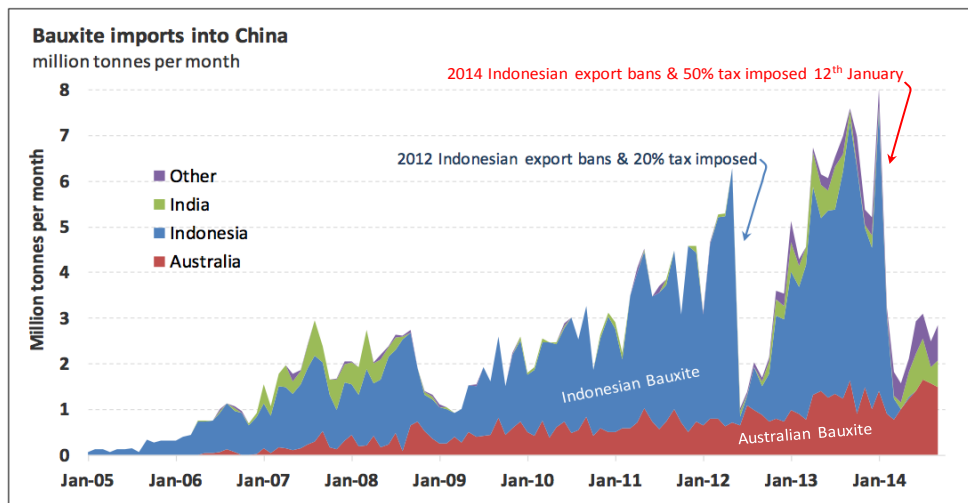


Figure 4

Bauxite imports into China in millions of tonnes per month

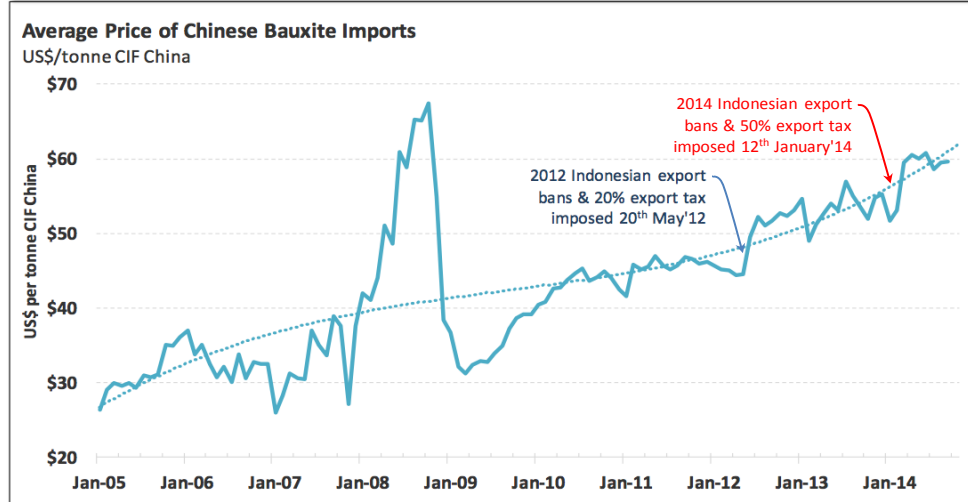


Figure 5

Average prices of bauxite imports into China in US\$ per tonne

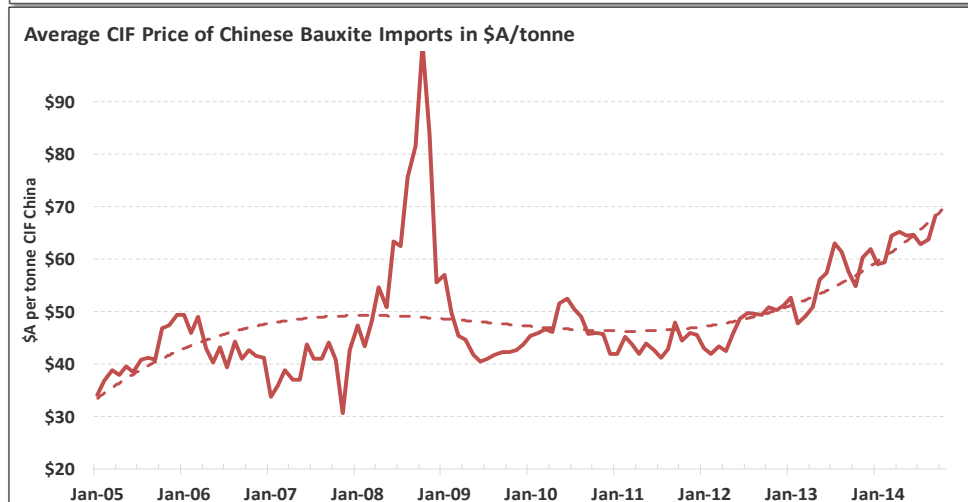


Figure 6

Average prices of bauxite imports into China in A\$ per tonne

Source of data for Figures 4, 5 & 6:
Chinese customs,
Bloomberg, RBA

Indonesian bauxite shipments to China remained banned but some bans may be relaxed late 2015, thus allowing Chinese low-temperature refineries to expand production (good for ABx). Indonesian export taxes have increased from 20% to 50% so prices should also strengthen.

Australia: Rio Tinto's Australian tonnages remained steady at 1.493Mt for September.

Indian export taxes of 20% on Indian bauxite exports are taking effect. As predicted, Indian exports in September rose by **66%** to 0.591Mt and prices rose by **7%** to US\$59.19/t as contracts were renewed.

Short-Term Volatility Ahead – Indonesia is Holding Firm on Bans

Chinese alumina refineries are using bauxite that was stockpiled before Indonesian bans took effect on 12 January. As Indonesia maintains export bans, Chinese stockpiles will deplete and other sources may become prohibitively expensive. A tight supply situation will prevail when ABx commences production in late 2014. ABx had predicted prices reaching above US\$60/t in 2015 and that was reached in April'14. A major alumina company, Alumina Limited, has predicted bauxite prices will reach US\$80/t by 2019.

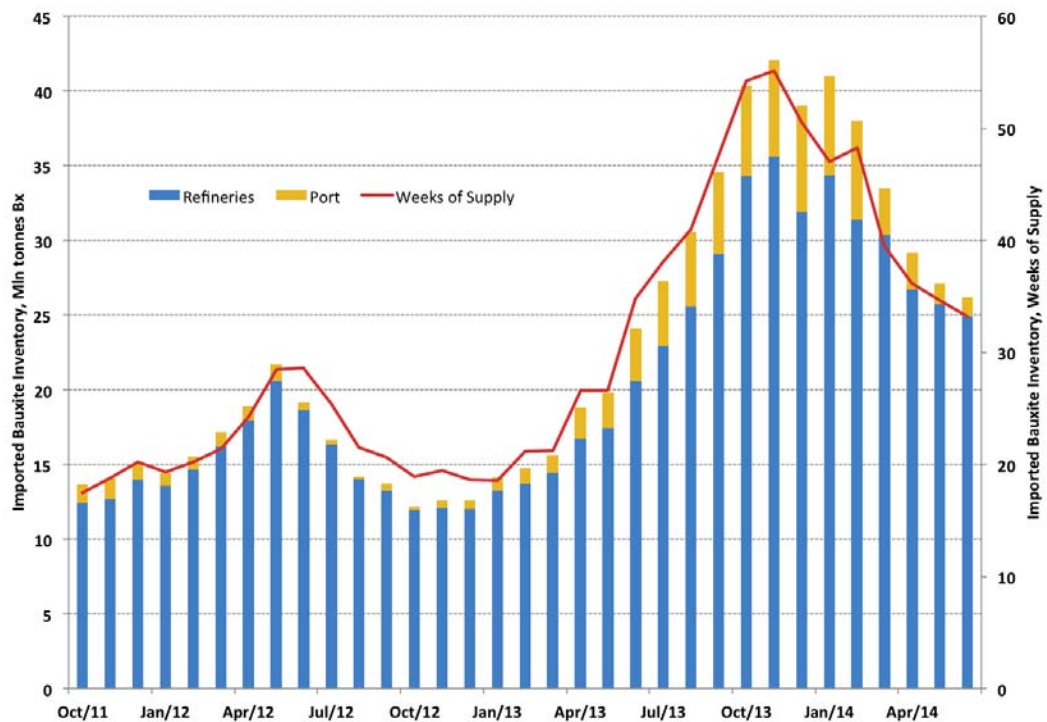


Figure 7: China's imported bauxite inventory – tonnes and weeks of supply.

Source: CM, Aladdin

Gibbsite bauxite demand will tighten most

Gibbsite-rich bauxite like bauxite from Indonesia, India and ABx's Australian bauxite, is premium-priced because it is "low-temperature" gibbsite-rich bauxite, often called THA or trihydrate bauxite. Refineries using gibbsite bauxite achieve significant cost benefits because of the low-temperature refining process that is only achievable with this type of bauxite. All other types of bauxite require processing at more than 100°C higher temperatures than ABx's trihydrate gibbsite bauxite.

Gibbsite is an alumina trihydrate mineral which dissolves at 140°C in low-temperature alumina refineries (the lowest cost refineries) whilst the mineral boehmite in the high-temperature bauxite type is alumina monohydrate which dissolves at 240°C. Chinese domestic bauxite comprises the more refractory alumina mineral diaspore which dissolves at 290° to 350°C in Chinese high-temperature refineries.

China's largest alumina refineries are low-temperature types which have until now, relied on imports of gibbsite bauxite from Indonesia. Last year, China imported 72 million tonnes of bauxite, of which 49 million tonnes or 68% came from Indonesia. Supplies from Indonesia have now been stopped.

Chinese buyers want alternative suppliers and Australia is the logical new supplier country. ABx is the only potential near-term new supplier of trihydrate gibbsite bauxite in the Indo-Pacific Basins.

ABx plans to ship gibbsite bauxite, initially from its Tasmanian mines and aspires to become the third largest supplier of bauxite into China over the next 6 years, specialising in the gibbsite trihydrate bauxite market niche so as to not compete with Chinese domestic bauxite suppliers and to not compete with Australian suppliers of boehmite-rich bauxite. ABx's emergence will help make Australia a reliable supplier of all types of bauxite for the seaborne bauxite trade in the Pacific Basin.

Tenement information required under LR 5.3.3.

<i>Tenement No.</i>	<i>Location</i>
New South Wales	
EL 6997	Inverell
EL 7361	Guyra
EL 7597	Merriwa - 2
EL 7950	Merriwa Extension
EL 7858	Stannifer
EL 8097	Coolah
EL 8130	Old Mill
EL 7269	Windellama
EL 7279	Wingello West
ELA 4038	Wingello Extended
EL 7357	Taralga
EL 7681	Taralga Extension
EL 7912	Taralga 3rd Ext
EL 7546	Penrose
Queensland	
EPM 17790	Hampton
EPM 17830	Haden
EPM 17831	Hillgrove
EPM 18014	Binjour
EPM 18772	Binjour Extension
EPM 19582	Binjour 2nd Ext
EPM 19742	Binjour 3rd Ext (Binjour Sth)
ML 80126	Toondoon ML
EPM 25146^	Toondoon EPM
EPM 19390	Brovinia
EPMA 19427*	Bronvinia 2
EPMA Harrami^	Harrami

Tasmania	
EL 4/2010	Evandale
EL 6/2010	Cleveland
EL 7/2010	Conara
EL 9/2010	Deloraine
EL 37/2010	Westbury
EL 3/2012	Ross
EL 12/2012	Scottsdale
EL 16/2012	Reedy Marsh
ML 1961	Bald Hill Bauxite
ELA 18/ 2014*	Prosser's Road

Notes:

^ Granted during the quarter

* Acquired during the quarter

Disposals

- EL 7598 relinquished during the quarter
- EPM 19169 Tellebang relinquished during the quarter
- EL 4 / EL 5 Tunross West 1 and 2 relinquished during the quarter

All tenements are 100% owned and not subject to Farm-in or Farm-out agreements, third-party royalties nor encumbered in any way.

Qualifying statement

The information in this announcement that relate to Exploration Information are based on information compiled by Jacob Rebek and Ian Levy who are members of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Rebek and Mr Levy are qualified geologists and Mr Levy is a director of Australian Bauxite Limited.

Mr Rebek and Mr Levy have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and 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 and Ore Resources. Mr Rebek and Mr Levy have consented to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.

Disclaimer Regarding Forward Looking Statements

This ASX announcement (Announcement) contains various forward-looking statements. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and factors which could cause actual values or results, performance or achievements to differ materially from the expectations described in such forward-looking statements.

ABx does not give any assurance that the anticipated results, performance or achievements expressed or implied in those forward-looking statements will be achieved.

APPENDIX

Tasmanian Bauxite Product Definition Sheet

As at September 2014

Chemistry	Total Al ₂ O ₃	39% to 45%
	Available Al ₂ O ₃	36% to 39% at 143 degrees C digestion (low temperature)
	Total SiO ₂	3% to 5%
	Reactive SiO ₂	2.5% to 4.5% at 143 degrees C (low temperature)
	Fe ₂ O ₃	23% to 28%
	TiO ₂	3.3% to 4.2%
	LOI ₁₀₀₀	22% to 25% loss on ignition at +1,000 degrees C
Minerals	Gibbsite	~58% (trihydrate alumina THA)
	Boehmite	less than 1.8% (monohydrate alumina MHA)
	Clays	less than 8%
	Quartz	less than 2.5%
	Hematite	~14%
	Goethite*	~14%*
	Anatase	~4%
<p>* Goethite has no negative impacts on (1) settling rates of the mud; (2) overflow liquor clarities; (3) flocculent dosage rates; or (4) entrained Al₂O₃ (nil Al-entrainment in this goethite).</p>		
Moisture	10% or less in drier months	
Sizing	90% passing 100mm & 90% + 7.5mm = coarse gravel	
Organic Carbon	0.15% to 0.17%	
Calcium	generally below detection: maximum 0.05% CaO	
Caustic soda consumption	120 to 125 kg NaOH per tonne alumina	

Planned production: It is planned to screen the Tasmanian bauxite to achieve the following:

Screened Bauxite Averaging	38% avl Al ₂ O ₃ at 143° digestion temperature 2.5% to 4.5% reactive SiO ₂ at 143° digestion temperature
Alumina extraction:	88% to 91% of total Al ₂ O ₃
Bauxite to Alumina Ratio (BAR):	2.60 to 2.95 tonnes of bauxite per tonne alumina
Caustic soda consumption:	120 to 125 kg NaOH per tonne alumina Al ₂ O ₃ at 143° low-temperature digestion.
Red Mud Loading (RML):	1.42 to 1.65 tonnes mud per tonne alumina Al ₂ O ₃

Settling: Settling performance of red muds is good with low flocculent dosage required. Overflow clarities are generally good. Goethite has no negative impact on settling behaviour.