



AUSTRALIAN BAUXITE LIMITED

ASX: ABZ

QUARTERLY REPORT

Quarterly Activities Statement period ended 31 March 2013

About Australian Bauxite Limited: ASX Code ABZ

Australian Bauxite Limited (ABx) holds the core of the newly discovered Eastern Australian Bauxite Province. Its 42 bauxite tenements in Queensland, NSW and Tasmania covering 6,878 km² were rigorously selected on 3 principles:

1. good quality bauxite;
2. proximity to infrastructure connected to export ports; and,
3. free of socio-environmental or native title land constraints.

All tenements are 100% owned and free of obligations for processing and third-party royalties. ABx has already discovered many bauxite deposits and new discoveries are still being made as knowledge and expertise grows. ABx conducts vigorous reviews of the commercial viability of its projects and tenements resulting in new acquisitions, but also reductions in area as exploration is conducted.

ABx's bauxite is high quality and can be processed into alumina at low temperature – the type that is in short-supply globally. **Global resources declared to date total 115.6 million tonnes.** At Inverell in northern NSW, a resource of 38.0 million tonnes¹ has been reported from drilling 35% to 40% of the area prospective for bauxite; at the Taralga project in southern NSW, a resource of 37.9 million tonnes² of bauxite has been reported; at Guyra³, a 6.0 million tonnes maiden resource was declared; at the Binjour Plateau in central QLD, a 24.5 million tonnes⁴ resource has been declared; in Tasmania, a 5.7 million tonnes⁵ maiden resource has been declared and at Mundubbera in central QLD, a 3.5 million tonnes⁶ maiden resource has been declared, confirming that ABx has discovered a significant bauxite deposit including some bauxite of outstandingly high quality.

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 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.

1, 2, 3, 4, 5, 6 See JORC Resource Statement

ABx Pic of the Quarter Budget mining...



Relationships and Logistics officer, Paul Glover, demonstrates budget-mining techniques at ABx' first mine in Tasmania.

This quarterly report is dated 30 April 2013 and is for the three months to 31 March 2013.

PRINCIPAL POINTS

Corporate

- Term sheet signed in April 2013 with China's Xinfu Group, a major Chinese aluminium company for Tasmanian and Goulburn South projects.
- MOU signed with Tasmanian Ports Corporation for access to Bell Bay port in northern Tasmania
- Cash in hand at 31 March 2013 was \$2,608,000 (excludes Xinfu Exclusivity Payment of \$500,000 – received April)
- Placement of 6.5 million shares at 25 cents raised \$1.625 million before costs in February 2013

Subsequent to signing the Term Sheet with Xinfu, planning and technical meetings have commenced.

Xinfu has been granted full access to ABx's proprietary technical database – ABacus.

Exploration

During the March quarter, drilling continued in Tasmania with a focus on mine boundary definition to support ABx's first mining lease application.

Ground exploration continued to define new and additional bauxite areas.

Tenement status

Tenements are 100% in good standing.

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.

AUSTRALIAN BAUXITE LIMITED

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Market Commentary:

ABx will produce gibbsite-rich bauxite, the type that is in greatest demand and shortest supply. ABx is preparing to commence its initial production in Tasmania in late 2014.

Throughout 2012 it was confirmed that gibbsite-rich bauxite is becoming increasingly in short supply and bauxite prices are continuing to firm as predicted. 2012 also provided good evidence that supports the market forecast that in 2014, prices will firm and supply will tighten even further when Indonesia, the main supplier of gibbsite-rich bauxite to China, implements its second tranche of bauxite export bans and increases its export tax from 20% to 50%. Indonesia applied its first tranche of bans and imposed its 20% export tax on bauxite on 9 May 2012 which had an extraordinary impact that is shown in Figure 1.

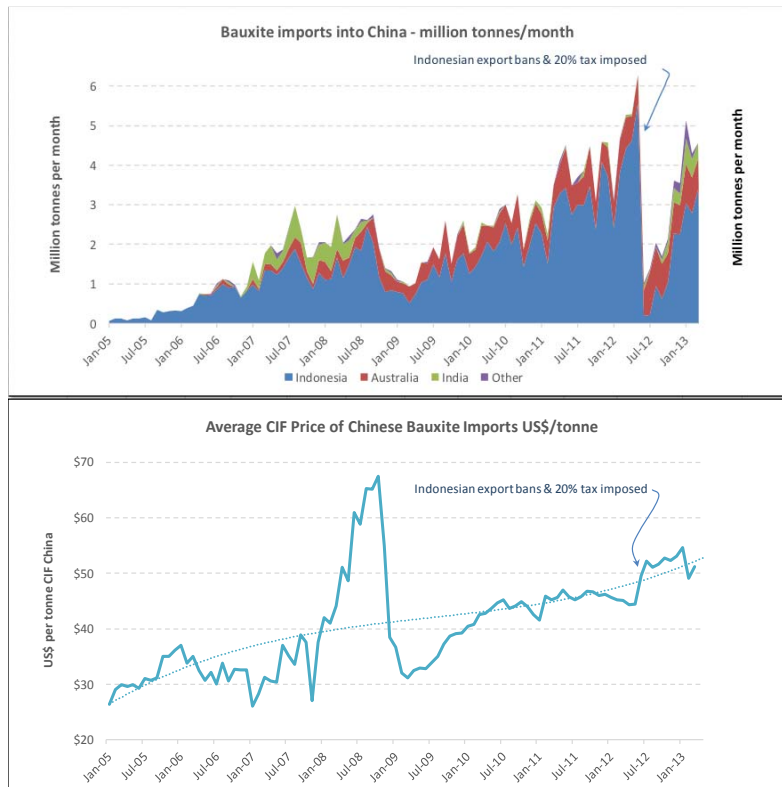


Figure 1: Chinese Bauxite Imports; tonnes per month & average Prices CIF China
Source: Chinese Customs & Bloomberg

Chinese imports of bauxite (see Figure 1) were volatile in 2012 because of the impact of Indonesia's first tranche of export bans and export tax in May 2012.

Chinese bauxite imports reached an all-time record 6.3 million tonnes in May 2012 then fell dramatically to 1.0 million tonnes in June 2012 and has steadily returned to a range between 4 and 5 million tonnes per month.

Seaborne traded bauxite is the fastest growing mineral commodity, having grown from near zero in late 2004 to more than 50 million tonnes per year at present.

The price impact of the Indonesian bans and 20% export taxes in May 2012 are clearly evident in the average price of Chinese bauxite imports graph which jumped by 20% in the second half of 2012 from US\$44.40 to above US\$54/tonne.

Allowing for increased export bans from Indonesia and India, and an increase in Indonesia's export taxes from 20% to 50% in mid 2014, industry forecasts are for bauxite prices to be relatively strong in 2014.

ABx has forecast bauxite prices to exceed US\$65 per tonne after 2014 because of rising costs of production in Indonesia and India being compounded by additional export taxes and bans at a time when large new aluminium smelters are still being opened in China.

Aluminium Prices Flat Whilst Bauxite Prices Rise

The new generation of aluminium smelters developed in China, Russia and the Middle East are more than 30% lower in cost and considerably more efficient than older smelters due to advanced electrical technology and economies of scale. As production of aluminium has moved increasingly to China, the global aluminium cost curve has fallen significantly and production has grown strongly as aluminium replaces other more expensive metals in more and more applications.

This technological revolution in aluminium production means that aluminium prices remain flat whilst aluminium production rises strongly, requiring significantly increased demand for bauxite and causing the price of seaborne bauxite in the Pacific basin to rise strongly.

Term sheet agreement with preferred supportive offtake partner to fully-fund first two bauxite projects (ASX: 4 April 2013)

ABx and the major Chinese aluminium company, Xinfu Group (**Xinfu**) executed a term sheet with respect to two State-Significant bauxite projects and have commenced an exclusive negotiation and due diligence period (**Exclusivity Period**) to finalise formal agreements.

Commercial terms have been agreed between ABx and Xinfu with respect to the early development and operation of the Tasmanian and Goulburn South bauxite projects. The two companies will also share information concerning the prospective Binjour project in Queensland.

Preparation of the Mining Lease Application for ABx's first mine in Tasmania is well underway, with the expectation that mining will commence in the second half of 2014.

Xinfu have paid \$500,000 as an Exclusivity Payment.

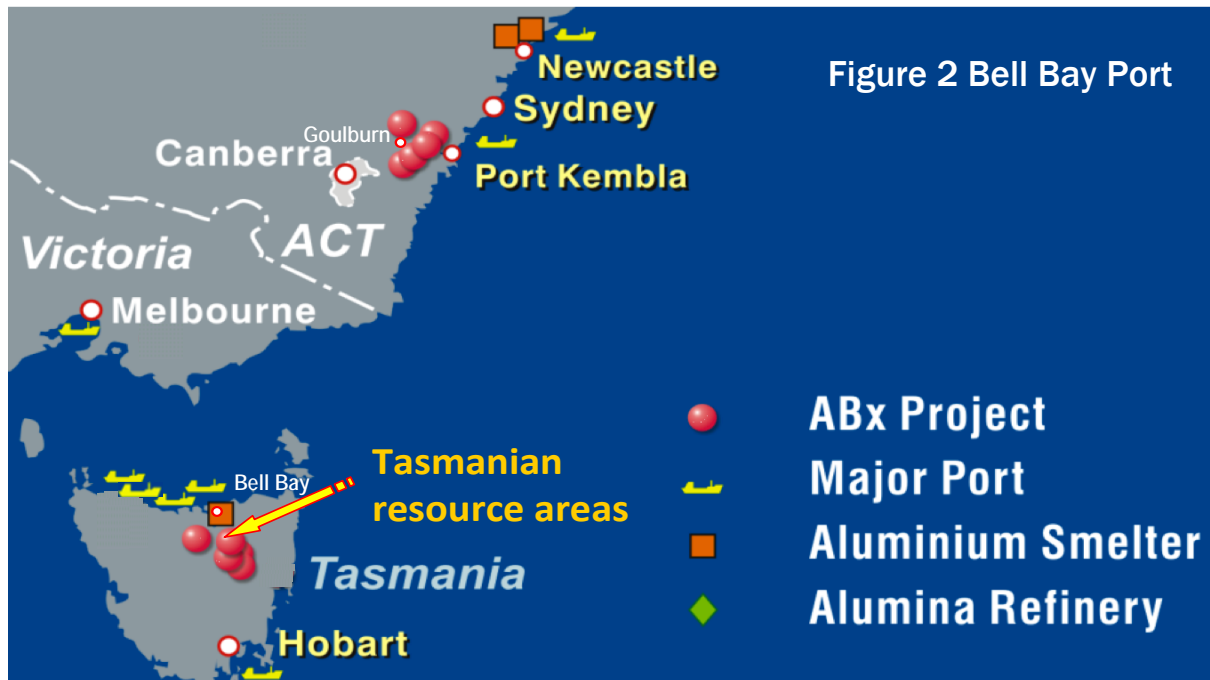
When the MOU is executed, Xinfu will pay an additional \$2 million for a 5.8% equity in ABx through the issue of 6.58 million shares at \$0.38 per share. The Exclusivity Payment will fully convert to shares as part of this placement.

Xinfu may acquire a 50% interest in the Projects through funding all pre-production costs for the first mine of each project including due diligence costs, evaluation costs, feasibility studies costs, lease payments, project development-construction costs and working capital.

Agreements will include an off-take agreement for a minimum of 50% of production and up to 100% if requested by ABx.

MoU signed for Bell Bay Port & drilling Scottsdale targets commenced (ASX: 5 March 2013)

In March 2013, ABx and Tasmanian Ports Corporation Pty Ltd executed an MoU to co-operate regarding road and rail movement, discharge and storage of product and ship loading equipment for the export of bauxite from Bell Bay Port.



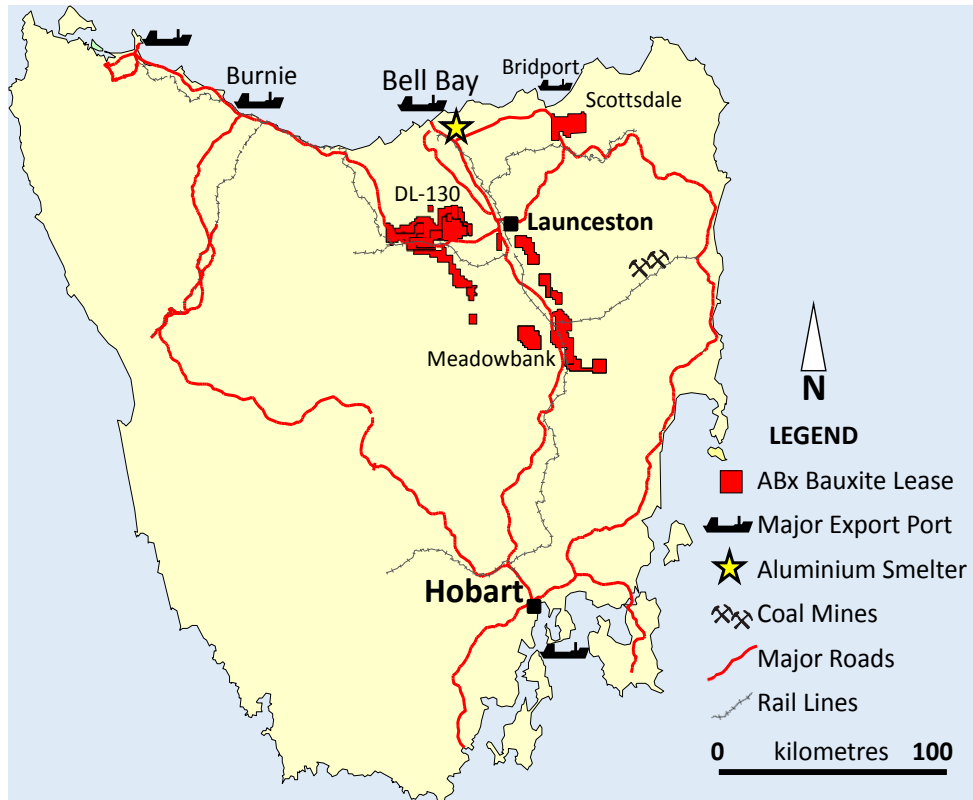


Figure 3: ABx Tasmanian Bauxite Tenements, Deposits and Infrastructure



Figure 4 Bell Bay Port

Bell Bay Port is a heavily industrialised port precinct comprising the multi-berth Bell Bay Port facilities, an aluminium smelter, a manganese smelter, wood products manufacturing plants and general industry. There are no residential areas nearby and it has existing power, water, heavy duty road and rail facilities servicing the port area with sufficient spare capacity for a bauxite export business.

TASMANIA PROJECT SUMMARY

Table 1: Summary of Maiden Bauxite Resources, Tasmania

Tasmanian Bauxite Resources			Sieved at 0.26mm											Over-burden m	Internal Waste m
Resource category	Tonnes millions	Bauxite Thickness	Al ₂ O ₃ Avl % 225°	Al ₂ O ₃ Avl % 143°	Rx SiO ₂ %	Avl/Rx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	Yield %		
Inferred	5.7 Mt	3.8 m	39.5	37.6	3.2	11.9	44.1	4.3	10.4	22.8	3.1	25.0	55%	1.5 m	0.1 m
TOTAL	5.7 Mt	3.8 m	39.5	37.6	3.2	11.9	44.1	4.3	10.4	22.8	3.1	25.0	55%	1.5 m	0.1 m

Cut-off grades applied: Minimum 30% available Al₂O₃ at 143 degrees, 2m thickness, 350m search ellipse for each 25m x 25m block. 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. "Al₂O₃ Avl % 225°" is estimated available alumina at 225 degrees C based on metallurgical testwork. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂) and "A/S" ratio is Al₂O₃/SiO₂. Values above 10 are excellent. Tonnage is for bauxite in-situ. Yield is for screening all samples at 0.26mm. The significant tonnages requiring no upgrade will have 100% yield.

Table 2: Summary of Direct Shipping² ("DSO") Bauxite Resources, Tasmania

In-Situ DSO Bauxite			Raw, unsieved in situ bauxite											Over-burden m	Internal Waste m
Resource category	Tonnes millions	Bauxite Thickness	Al ₂ O ₃ Avl % 225°	Al ₂ O ₃ Avl % 143°	Rx SiO ₂ %	Avl/Rx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	Yield %		
Inferred	3.0 Mt	4.0 m	34.2	32.6	4.6	7.0	40.5	5.6	7.2	24.9	3.9	23.2	100%	1.8 m	0 m
TOTAL	3.0 Mt	4.0 m	34.2	32.6	4.6	7.0	40.5	5.6	7.2	24.9	3.9	23.2	100%	1.8 m	0 m

Cut-off grades applied: Minimum 30% available Al₂O₃ at 143 degrees for raw in-situ bauxite, 2m thickness, 350m search ellipse for each 25m x 25m block. 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. "Al₂O₃ Avl % 225°" is estimated available alumina at 225 degrees C based on metallurgical testwork. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂) and "A/S" ratio is Al₂O₃/SiO₂. Values above 6 are good for raw bauxite. Tonnage is for direct-shipping DSO bauxite in-situ.

- 1 see JORC Compliant Resource Statements box
- 2 see Definitions box

DSO Bauxite Resources

DSO Bauxite would typically be the first bauxite shipped because it requires no processing on site. However, if bauxite production proceeds successfully, other parts of the deposits will be extracted, screened and blended into the stockpile at the port. Once the screening and blending is established, a high quality gibbsite-rich bauxite product suitable for low-temperature alumina refineries can be exported from Bell Bay, Tasmania.

Rehabilitation

Typically there is 0.5 to 2 metres of soil and overburden above the bauxite gravel layer which will be selectively removed during bauxite extraction and replaced as soon as possible to ensure that seeds and soils remain viable.

Bauxite tends to produce a poorer quality soil and many bauxite areas have been used for plantations of imported tree species because it is not suitable for other agriculture. Some areas can be improved when rehabilitated. ABx endorses best practices on agricultural land, strives to leave land and environment better than we find it. We only operate where welcomed.

Location and Infrastructure

Central Northern Tasmania has good infrastructure, with operating rail lines and heavy-duty haulage highways passing through the bauxite areas, linking directly to the efficient operating mineral export port of Bell Bay that has spare port capacity (see Figure 4).

Tasmania has a well-developed electric power grid based mainly on hydroelectric power and has ample water supplies. Natural gas from the Bass Strait field is distributed throughout Tasmania and there are many well-established population centres with experienced, skilled workforces.

Tasmania has a proud mining heritage. Coal mining occurs in the Fingal Valley area east of the main bauxite areas and large cement works are operating in the area west of the bauxite areas. The aluminium smelter at Bell Bay is operated by Rio Tinto Alcan (see Figures 2 to 4). Central Northern Tasmania has engineering workshops and experienced contractors.

In summary, the Tasmanian bauxite project areas in central northern Tasmania are supplied with power, water, communications and transport infrastructure, near industrial centres serviced by efficient mineral export ports that operate all year round without seasonal interruptions.

Environmental Baseline Work

Environmental baseline work commenced in November 2012 during the Spring season. Some intensive plantations of imported tree species are unlikely to present socio-environmental impediments but they are being assessed by independent environmental experts nonetheless.

Deposit Geology

The main deposits lie on plantation forests that are being harvested. Bauxite forms slight ridges with lesser quality, thin soils that are best suited for plantation forest development.

The bauxite is a layer that is interpreted as having formed on the volcanic rocks of the lower Tertiary era (40 to 55 million years old). Recent erosion, especially after the Ice Age has dissected the deposits and the remnant ridges of bauxite are typically 1 to 2 kilometres long but occur in clusters that represent an ancient continuous plateau.

Cross sections in Figures 5 and 6 below show the geology of the two typical deposits, DL-130 and Meadowbank.

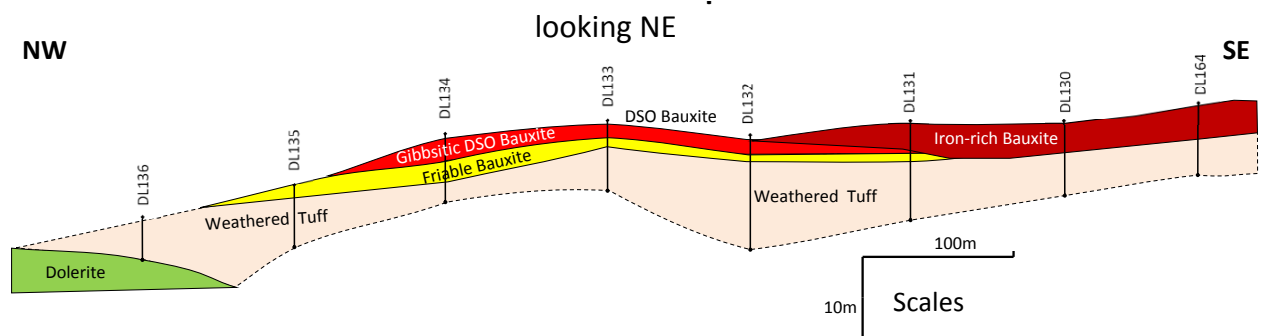


Figure 5: Cross Section Of The Northwest Part of Bauxite Deposit DL-130

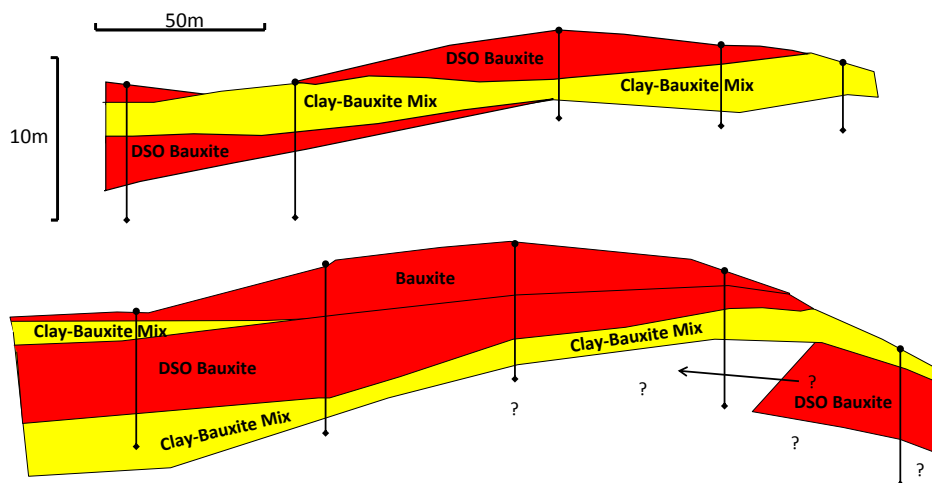


Figure 6: Two Cross-Sections Through a Small Part of The Meadowbank Bauxite Deposit

Qualifying statement

The information in this announcement that relate to Exploration Information and Mineral Resources 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 are directors 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 2004 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.

JORC Compliant Resource Statements

The following are Joint Ore Reserve Code (“JORC”)-compliant Public Reports released to the ASX declaring the JORC resources referred to. These can be viewed on the ASX website and the Company will provide these reports, free of charge on request.

- ¹ 08/05/2012 ASX Inverell JORC Resource Update, 38.0 Million Tonnes
- ² 30/05/2012 ASX Taralga Bauxite Resource Increased 50% to 37.9 Million Tonnes
- ³ 15/08/2011 ASX Maiden Guyra Resource, 6.0 Million Tonnes
- ⁴ 29/07/2012 ASX Binjour Maiden Resource, 24.5 Million Tonnes
- ⁵ 08/11/2012 ASX Maiden Tasmania JORC Resource, 5.7 Million Tonnes
- ⁶ 03/12/2012 ASX Maiden QLD Mining Lease JORC Resource, 3.5 Million Tonnes

Direct Shipping Bauxite or “Direct Shipping “Ore”

All references in this report to direct shipping bauxite or direct shipping ore (DSO) refers to the company’s exploration objective of defining or identifying DSO grade mineralisation.

True Width

The true-width of the deposit is not known and will be determined by further resource definition drilling.

Definitions

DSO bauxite:	Bauxite that can be exported directly with minimal processing.
Averaging method:	Aggregated average grades in the table are length-yield-weighted averages of each metre’s yields & grades.



Figure 7 Project Tenements and Major Infrastructure