



AUSTRALIAN **BAUXITE** LIMITED

ASX: ABZ

QUARTERLY REPORT

Quarterly Activities Statement period ending 31 March 2012

About Australian Bauxite Limited: ASX Code ABZ

Australian Bauxite Limited (**ABx**) holds the core of the newly discovered Eastern Australian Bauxite Province. Its 39 bauxite tenements in Queensland, NSW and Tasmania covering 8,582 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.

The company'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 84 million tonnes.** At the company's first drilling prospect in Inverell, northern NSW, an interim resource of 36 million tonnes¹ has been reported from drilling 15% to 20% of the area prospective for bauxite and a resource of 25 million tonnes² of bauxite has been reported at the Taralga project in southern NSW. 6 million tonnes maiden resource was declared at Guyra³. A 16.8 million tonnes⁴ maiden resource has been declared at the Binjour Plateau in central QLD, confirming that ABx has discovered a significant bauxite deposit including some bauxite of outstandingly high quality. Australian Bauxite Limited 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 favorably 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.

ABx Pic of the Quarter

Ant dump ...



Anthill: Ants bring bauxite from far below the Earth's surface without the need for expensive drilling. Made by legions of worker ants, who carry tiny bits of dirt in their mandibles and dump them near the exit of the colony.

This quarterly activities statement is dated 27th April 2012 and is for the three months ending 31st March 2012.

PRINCIPAL POINTS

Corporate

- Mr Ken Boundy was appointed alternate director for Mr Vincent Tan
- Cash in hand at the end of the March 2012 quarter was \$ 2.5 million
- Pre-feasibility study nearing completion

Exploration

- Discovery of the company's thickest high-grade bauxite intersection – possibly one of the thickest bauxite intersections in Australia. Most Australian bauxite deposits are less than 4 metres thick⁵
- 33 metre thick high grade bauxite discovered at Taralga⁶

March Quarter Exploration Summary

- During the March quarter exploration focused on completing the Goulburn Bauxite Pre-feasibility study
- Drilling continued at Binjour in Queensland where a new zone of high-grade bauxite occurring at surface and up to 10 metres thick was discovered
- Ground reconnaissance recommenced at Tasmania in anticipation of recommencing drilling

Goulburn Bauxite Project Pre-Feasibility Study (PFS)

The PFS continues on schedule and to budget and joint venture partners are reviewing the data. The PFS will soon be released.

Tenement status

Tenements are 100% in good standing.

AUSTRALIAN **BAUXITE** LIMITED

ACN 139 494 885

Level 2 Hudson House 131 Macquarie Street Sydney NSW 2000
P: +61 2 9251 7177 F: +61 2 9251 7500



Taralga NSW

33 metres Thick High Grade Bauxite Discovered at Taralga, NSW⁶

During the March quarter ABx discovered the company's thickest high-grade bauxite intersection – possibly one of the thickest bauxite intersections in Australia. Most Australian bauxite deposits are less than 4 metres thick.

- 33 metres of continuous high-grade bauxite intersected in hole TG626 beneath 1 metre of clay near Mt Rae, Taralga NSW
- Hole TG626 ended in high grade direct shipping bauxite – deposit is still open at depth
- Nearby holes also encountered thick bauxite and ended in high-grade bauxite



Resource Estimation Update

Areas of thick, good quality bauxite continued to be discovered across the Taralga - Mt Rae Areas. An upgrade to the resource estimate for Taralga will be completed following completion of the Pre Feasibility Study (PFS).

Current bauxite resources at Taralga total 25 million tonnes (see Resource Statement page 3).

Main Production is DSO Bauxite (see Glossary)

Metallurgical Results Encouraging

Metallurgical tests on large samples have been completed as part of the Pre Feasibility Study, with METS Engineers of Perth coordinating and summarising testwork done by AMDEL and Nagrom Laboratories.

More than half of the bauxite resources are gibbsite-rich, low silica bauxite, ideal for direct shipping bauxite "DSO" without significant handling. The remainder contains 20% to 30% nodules or "pisoliths" of a black, dense glassy material, which is a fused alumina and trace magnetic iron oxides. Well-known bauxite mineralogist, Professor Eggleton of the Australian National University coined the term "PDM" for these pisoliths, which he found in other bauxites. PDM stands for "poorly diffracting material" when subjected to X-ray diffraction.

Metallurgical tests confirmed that after PDM is easily removed by gravity, the remaining bauxite is good-quality DSO bauxite.

This means that overall, DSO will represent approximately 75% to 85% of total tonnes produced from the Goulburn Bauxite Project. The recovered PDM emery material may be sold at good prices for industrial uses.

Port Kembla Opportunities

The range and capacity of opportunities for efficient port handling at Port Kembla have been encouraging. Negotiations will continue for several months to assess the best way to tranship bauxite onto large bulk carrying vessels for export.

Market Developments

Imports of bauxite into China have achieved consecutive all-time monthly records reaching 5.26 million tonnes in March. The quantity of bauxite imported into China for the March Quarter exceeded 13 million tonnes, which is 50% higher than the previous year. The seaborne trade of bauxite into China's huge bauxite refining industry has risen from almost zero in 2005 to more than 50 million tonnes per year.

Since 2005, prices of bauxite imported into China have risen from US\$27 per tonne to more than US\$70 per tonne CIF Shandong Ports, China.

The majority of imports into China are gibbsite-rich bauxite from Indonesia similar to the DSO bauxite that is to be produced by the Goulburn Bauxite Project and all other bauxite projects of Australia Bauxite Limited.



During the quarter, the Indonesian government took steps to enforce a large reduction in bauxite exports from Indonesia and/or an imposition of an export tax so as to encourage processing in Indonesia's aluminium industry. It is considered likely that a reasonable compromise will be achieved so that China can continue importing bauxite from Indonesia for the near-term and increasingly import bauxite from Australia, which is a more reliable supplier.

The market opportunities for Australian Bauxite Limited's bauxite appear substantial.

FURTHER INFORMATION

Henry Kinstlinger
Investor Relations

Telephone: +61 2 9251 7177

Exploration Target Statement

ABx has an exploration target of 200 to 300 million tonnes of bauxite (40-50 million tonnes is the exploration target for the Goulburn Bauxite Project area), based on the Mineral Resources totalling 36 million tonnes of bauxite from 196 drill holes drilled across an area that is less than 15% of the known bauxite deposits on a single Exploration Licence EL 6997 at Inverell in northern NSW. Furthermore, Mineral Resources totalling 25 million tonnes of bauxite have been estimated from 577 drill holes that have tested approximately 60% of the known bauxite deposits at Taralga on EL 7357.

In accordance with the JORC Code, readers are advised that with regards this exploration target of 200 to 300 million tonnes, "the potential quality and grade is conceptual in nature, that there has been insufficient exploration to define full Mineral Resources and that it is uncertain if further exploration will result in the determination of a Mineral Resource". Inverell tenement EL 6997 was the first of 30 tenements to be drilled and has since discovered sizeable, good quality bauxite occurrences on several other tenements.

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 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 Statement

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 02/09/2010 ASX Inverell JORC Resource Update
- ² 12/05/2011 ASX Taralga Bauxite Resource Doubled to 25 Million Tonnes
- ³ 15/08/2011 ASX Maiden Guyra Resource, 6 Million Tonnes
- ⁴ 12/10/2011 ASX Binjour Maiden Resource, 17 Million Tonnes
- ⁵ 30/01/2012 ASX ABZ Drill Update Taralga NSW
- ⁶ 09/02/2012 ASX ABZ Drill Update Taralga

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.

Glossary

DSO bauxite Bauxite that can be exported directly with minimal processing



ABx tenements at 31 March 2012