



AUSTRALIAN BAUXITE LIMITED

ASX: ABZ

ASX ANNOUNCEMENT

14 May 2014

About Australian Bauxite Limited

ASX Code ABZ

Australian Bauxite Limited (ABx) is well advanced to establish its first mine in Tasmania (ML 1961).

ABx holds the core of the newly discovered Eastern Australian Bauxite Province. Its 37 bauxite tenements in Queensland, New South Wales and Tasmania covering 5,029km² were rigorously selected on 3 principles:

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

All tenements are 100% owned and free of obligations for processing and third-party royalties. ABx has 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.

The Company's bauxite is high quality and can be processed into alumina at low temperature – the type that is in short-supply globally.

On the mainland, ABx has declared Mineral Resources in Inverell, northern NSW, at its Taralga project in southern NSW; at Guyra and at the Binjour Plateau in central QLD confirming that ABx has discovered a significant bauxite deposit including some bauxite of outstandingly high quality.

In Tasmania, at Bald Hill, the Company's first bauxite mine is targeted for production in late 2014.

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 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.

2nd Mining Lease Defined

Fingal Rail Bauxite Project - Tasmania

Australian Bauxite Limited (ABx, ASX: ABZ) has defined a Mining Lease boundary for the Fingal Rail Bauxite Project area in Tasmania.

As foreshadowed in the recent Quarterly report, the company has chosen to proceed with a Mining Lease application over the core area of the Fingal Rail bauxite deposits and will leave the extension areas for subsequent evaluation.

Figure 1 and Figure 2 shows the location and proposed mining lease outline.

Land access agreements have been concluded over the main area. Recent environmental surveys have returned satisfactory results and an Aboriginal cultural heritage assessment is being done so that a Notice of Intent can be submitted to the relevant government departments.

Subject to satisfactory reports and approvals, Fingal Rail is intended to be ABx's second mining lease and is located west of Conara, some 11 km north of Campbell Town where the first mining lease at the Bald Hill Bauxite Project is located in the northern midlands of Tasmania, 90 kms from Bell Bay Bulk Export Port.

ABx considers this proposed bauxite mine to be a simple quarrying and rehabilitation project, feeding bauxite into a stockpile at Bell Bay Port which will combine bauxite from several quarries for export. Fingal Rail is ideally located to be transported either by existing highways or rail that run through the proposed lease area.

Possible 3rd Mine Target identified: Recent discoveries of high grade bauxite and very thick bauxite at the DL-130 project area (see Figure 1) are being evaluated as a possible third mine lease application, possibly later this year.

For further information please contact:

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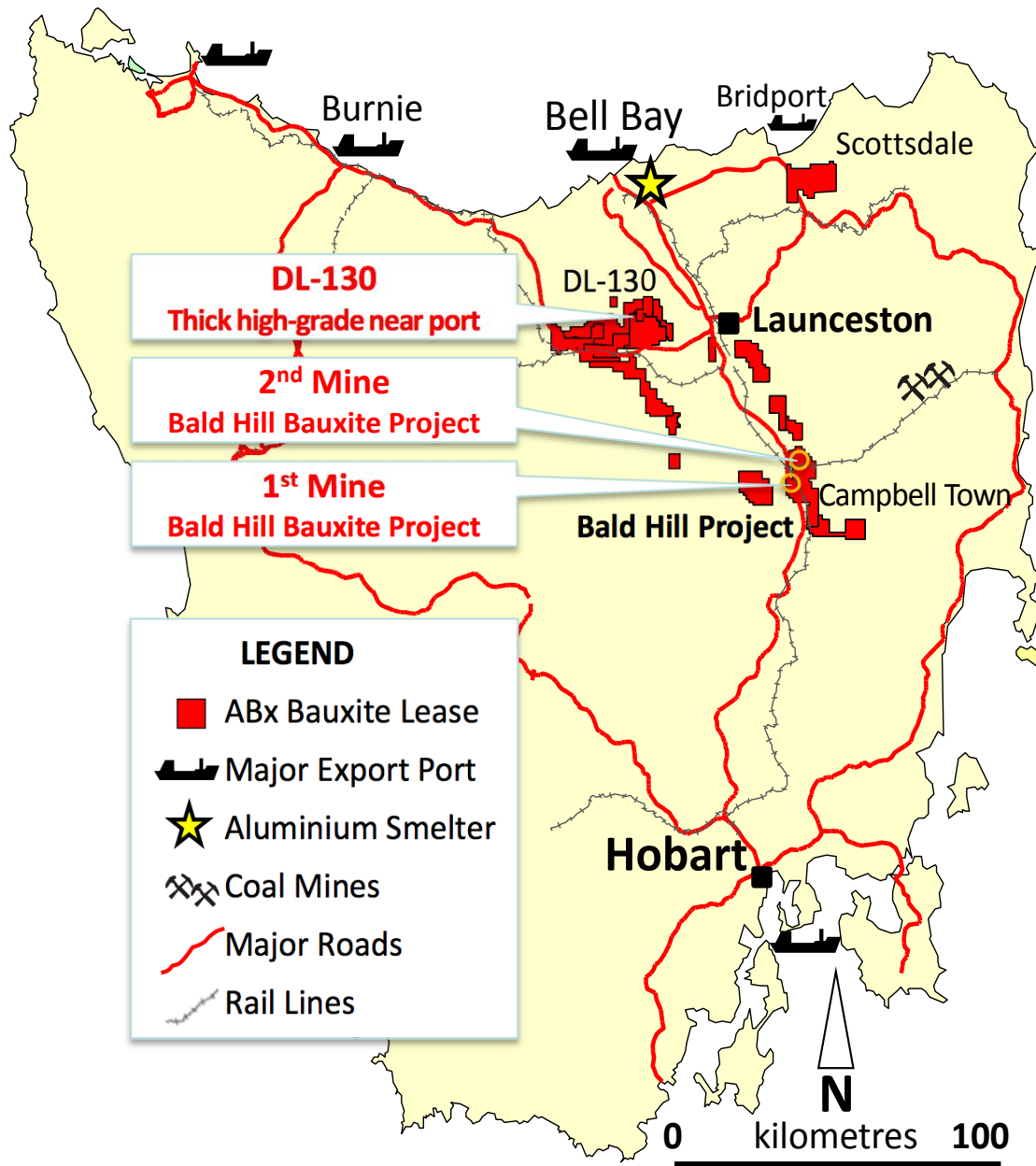


Figure 1: Locations of Bauxite Projects and Infrastructure in Tasmania

Qualifying statement

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

Mr Rebek has 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 has consented to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.

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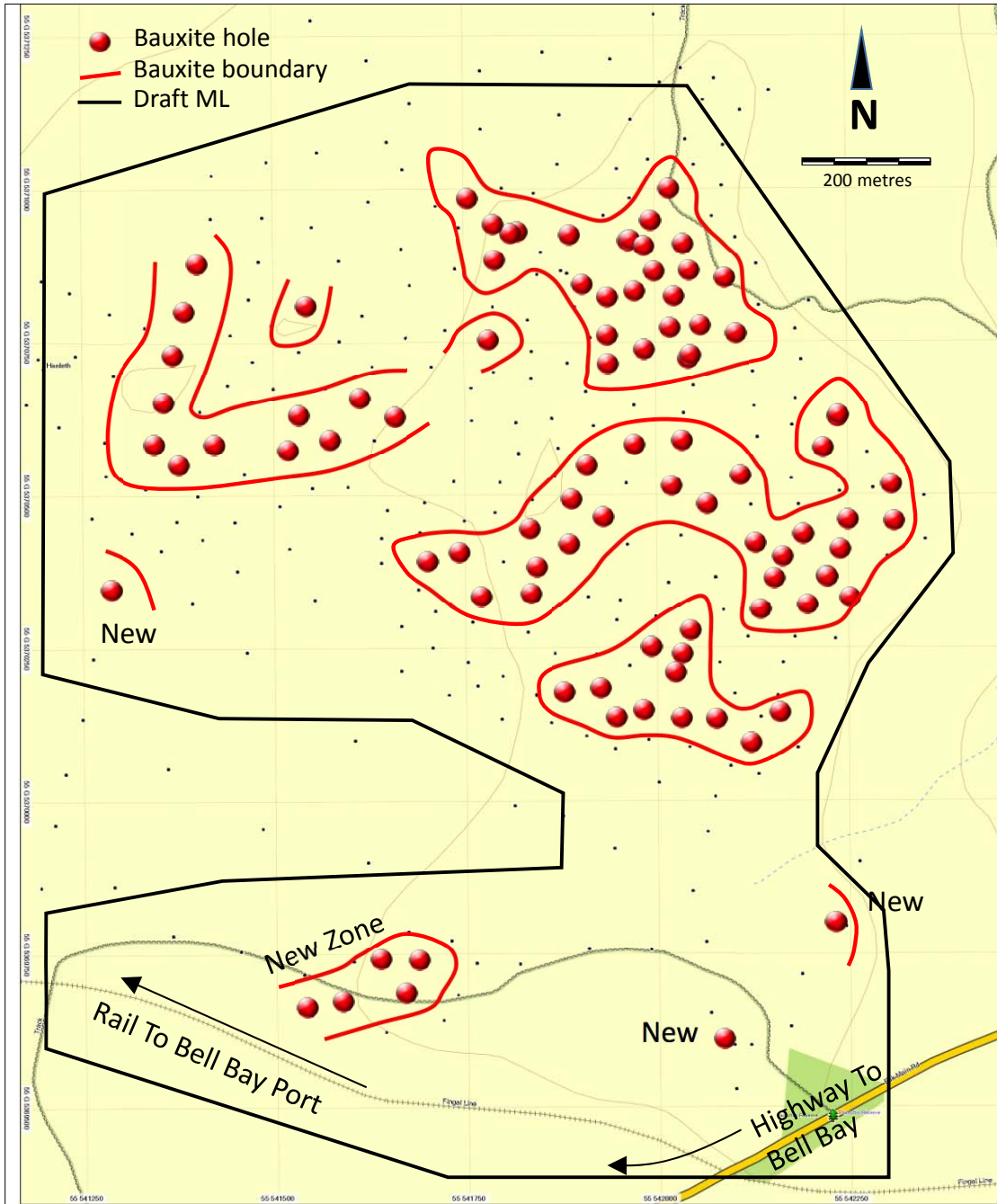


Figure 2: Fingal Rail Bauxite Project: core bauxite zone and draft mining lease boundary