



AUSTRALIAN BAUXITE LIMITED

ASX: ABZ

ASX ANNOUNCEMENT

15 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.

3rd Mine Target Area Enlarged 12km DL-130 & 12km of extensions - Tasmania

Australian Bauxite Limited (ABx, ASX: ABZ) has discovered a zone of high grade, thick bauxite at its DL-130 prospect in northern Tasmania, located within 75 kilometres of the Bell Bay Export Port.

DL-130 has the thickest and highest-grade bauxite discovered to date in Tasmania with zones up to 14 metres thick.

12km extensions: Exploration fieldwork has identified a line-of-lode of bauxite outcrops extending over more than 12 kilometres and more than 5 kilometres wide – see Figure 3.

Figures 1 & 2 show locations of DL-130 and the high-grade drill holes listed in Table 1. Figure 3 shows the recently discovered extensions of bauxite targets around DL-130.

A significant proportion of the bauxite lies within hardwood plantations that were developed by Gunns Limited (in Liquidation) and access was delayed until last December-January. The sale of these areas to a new forestry company has recently been announced.

The discovery of thick bauxite zones, up to 14 metres thick is a positive development because of improved economics and the potential to extract significant tonnages from a small area, thus reducing the rehabilitation footprint.

For customers of Tasmanian bauxite, DL-130's thick, high grades demonstrates the potential for blending bauxite from up to 3 mining centres to achieve consistent grades and specifications for years to come.

The development of the Tasmanian bauxite industry will commence with simple quarrying and

rehabilitation operations, feeding bauxite directly into a stockpile at Bell Bay Port which will combine bauxite from several quarries for export. In production year 3 onwards, upgrading processing will begin. DL-130 and extension areas are ideally located to be transported either by existing highways or rail to Bell Bay Port.

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Table 1

Thick bauxite intercepts in holes from the Northwest of DL-130 Prospect to date.

Hole	From m	To m	Thick- ness	Sieved at 0.26mm ¹										Whole Sample									
				Al ₂ O ₃ Avl % ¹	SiO ₂ Rx % ¹	Avl/Rx Ratio ¹	Fe ₂ O ₃ %	A/S Ratio	SiO ₂ %	Al ₂ O ₃ %	TiO ₂ %	LOI %	Lab ¹ Yield%	Al ₂ O ₃ Avl % ¹	SiO ₂ Rx % ¹	Avl/Rx Ratio ¹	Fe ₂ O ₃ %	A/S Ratio	SiO ₂ %	Al ₂ O ₃ %	TiO ₂ %	LOI %	Lab ¹ Yield%
DL158	3	6	3	42.4	6.0	7.1	50.3	8.9	5.6	11.0	1.4	27.8	40.2	29.4	9.5	3.1	41.5	15.2	2.7	18.4	1.3	23.0	70.3
DL272	1	6	5	32.7	2.7	12.1	39.8	3.5	11.4	29.1	3.6	23.2	51.3	31.3	9.9	3.2	42.9	12.3	3.5	19.0	1.2	23.9	55.4
DL273	1	5	4	29.0	3.4	8.6	36.2	6.6	5.5	32.0	4.4	20.0	63.5	34.9	9.3	3.8	45.0	13.0	3.4	14.0	3.0	24.4	43.3
DL313	0	2	2	38.3	3.7	10.4	47.0	7.8	6.0	16.4	0.9	27.5	66.6	27.4	7.9	3.4	36.5	10.8	3.4	13.7	1.8	20.1	50.6
DL314	0	4	4	43.6	2.5	17.4	49.1	4.5	10.8	15.9	1.2	28.6	47.3	27.4	7.9	3.4	36.5	10.8	3.4	13.7	1.8	20.1	39.7
Length-yield weighted avg			3.6	35.9	3.4	10.6	43.0	5.8	7.4	23.2	2.7	24.6	54.5	27.4	7.9	3.4	36.5	10.8	3.4	13.7	1.8	20.1	51.1
Hole	From m	To m	Thick- ness	Sieved at 0.26mm ¹										Whole Sample									
				Al ₂ O ₃ Avl % ¹	SiO ₂ Rx % ¹	Avl/Rx Ratio ¹	Fe ₂ O ₃ %	A/S Ratio	SiO ₂ %	Al ₂ O ₃ %	TiO ₂ %	LOI %	Lab ¹ Yield%	Al ₂ O ₃ Avl % ¹	SiO ₂ Rx % ¹	Avl/Rx Ratio ¹	Fe ₂ O ₃ %	A/S Ratio	SiO ₂ %	Al ₂ O ₃ %	TiO ₂ %	LOI %	Lab ¹ Yield%
DL160	7	9	2	32.7	5.2	6.3	43.3	11.4	3.8	18.7	0.9	25.0	70.3	29.4	9.5	3.1	41.5	15.2	2.7	18.4	1.3	23.0	70.3
DL282	3	6	3	38.5	2.1	18.1	42.8	4.3	10.0	24.2	2.9	25.1	55.4	31.3	9.9	3.2	42.9	12.3	3.5	19.0	1.2	23.9	55.4
DL295	1	9	8	34.8	5.9	5.9	43.6	7.8	5.6	21.9	0.8	25.2	43.3	34.9	9.3	3.8	45.0	13.0	3.4	14.0	3.0	24.4	43.3
DL296*	4	14	10	41.5	4.3	9.6	48.3	8.1	6.0	13.9	2.1	27.0	50.6	34.9	9.3	3.8	45.0	13.0	3.4	14.0	3.0	24.4	50.6
DL291	1	2	1	25.9	3.0	8.6	31.9	4.0	8.0	39.0	5.0	19.3	39.7	27.4	7.9	3.4	36.5	10.8	3.4	13.7	1.8	20.1	39.7
Length-yield weighted avg			4.8	37.6	4.5	8.3	45.0	7.7	5.8	19.0	1.8	25.7	51.1	27.4	7.9	3.4	36.5	10.8	3.4	13.7	1.8	20.1	51.1
* The top 4 metres of DL296 is iron-rich bauxite for which sieved assays are awaited. The unsieved, whole-sample grades of the top 4 metres and full 14 metres are as follows:																							
DL296	0	4	4	Assays for sieved samples pending										26.0	4.9	5.3	33.6	12.1	2.8	31.4	4.0	18.1	
DL296	0	14	14	Assays for sieved samples 1 to 4 metres pending										32.3	8.0	4.0	41.8	12.8	3.3	18.9	3.3	22.6	

¹ Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" are 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂) and "A/S" ratio is Al₂O₃/SiO₂. Values above 10 are excellent. Lab Yield is for screening the relatively pulverised RC-air core drill samples at 0.26mm. Dry screening tests on bulk-mined bauxite in Tasmania have achieved yields exceeding 75%. The significant tonnages requiring no upgrade will have 100% yield. Average intercept grades are length-grade weighted averages.

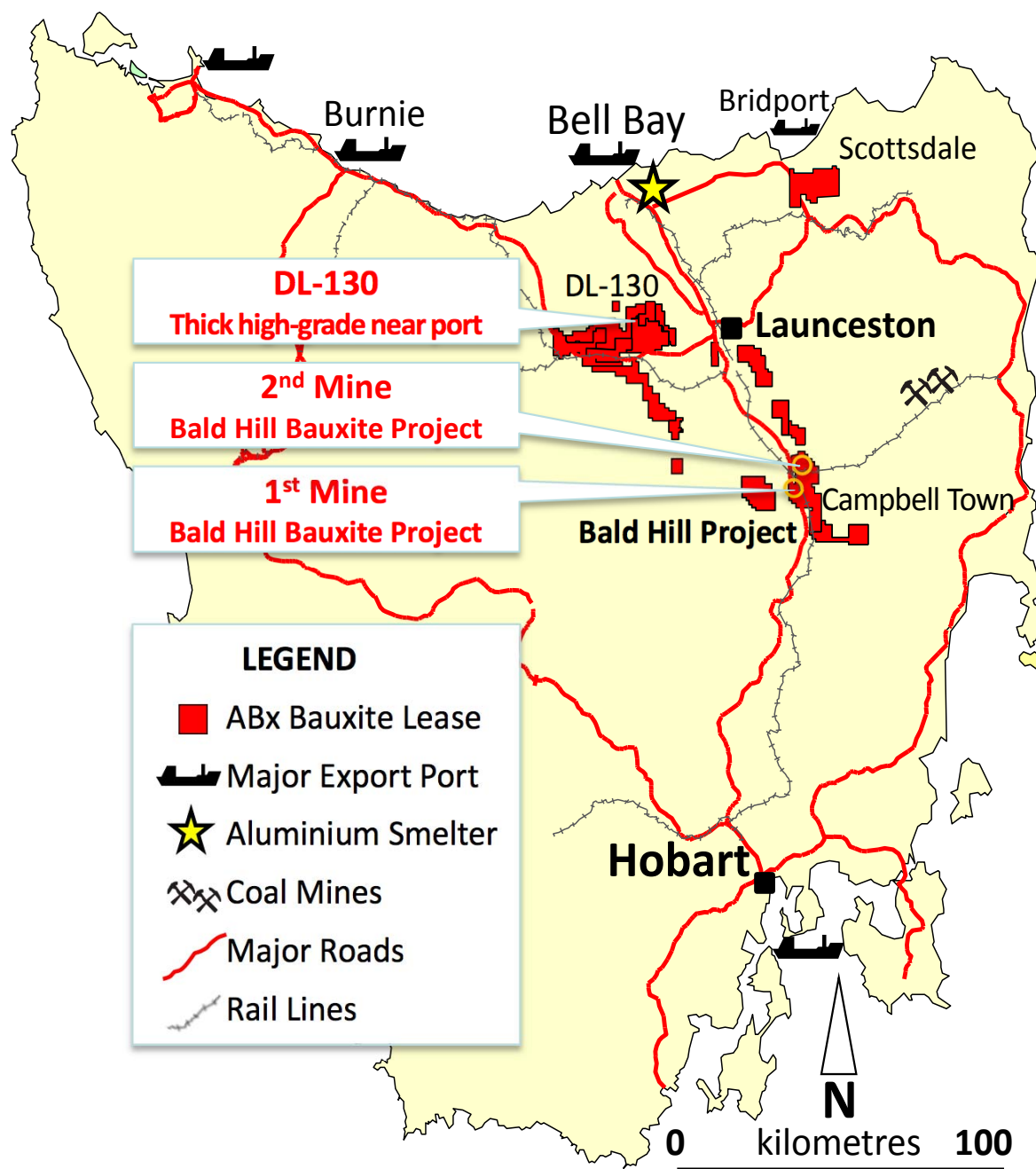


Figure 1: Locations of Bauxite Projects and Infrastructure in Tasmania. DL-130 is the closest significant bauxite deposit to the deep-water Bell Bay Bulk Export Port

Qualifying statement

The information in this announcement that relates to Exploration Information are based on information compiled by Jacob Rebek & Ian Levy who are a members of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Rebek & Mr Levy are qualified senior geologists. Mr Rebek is Chief Geologist and Mr Levy is the CEO and Managing Director of Australian Bauxite Limited.

Mr Rebek & 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 Persons as defined in the 2012 Edition of the Australasian Code for Reporting of exploration Results, Mineral Resources and Ore Resources. Mr Rebek & Mr Levy have consented to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.

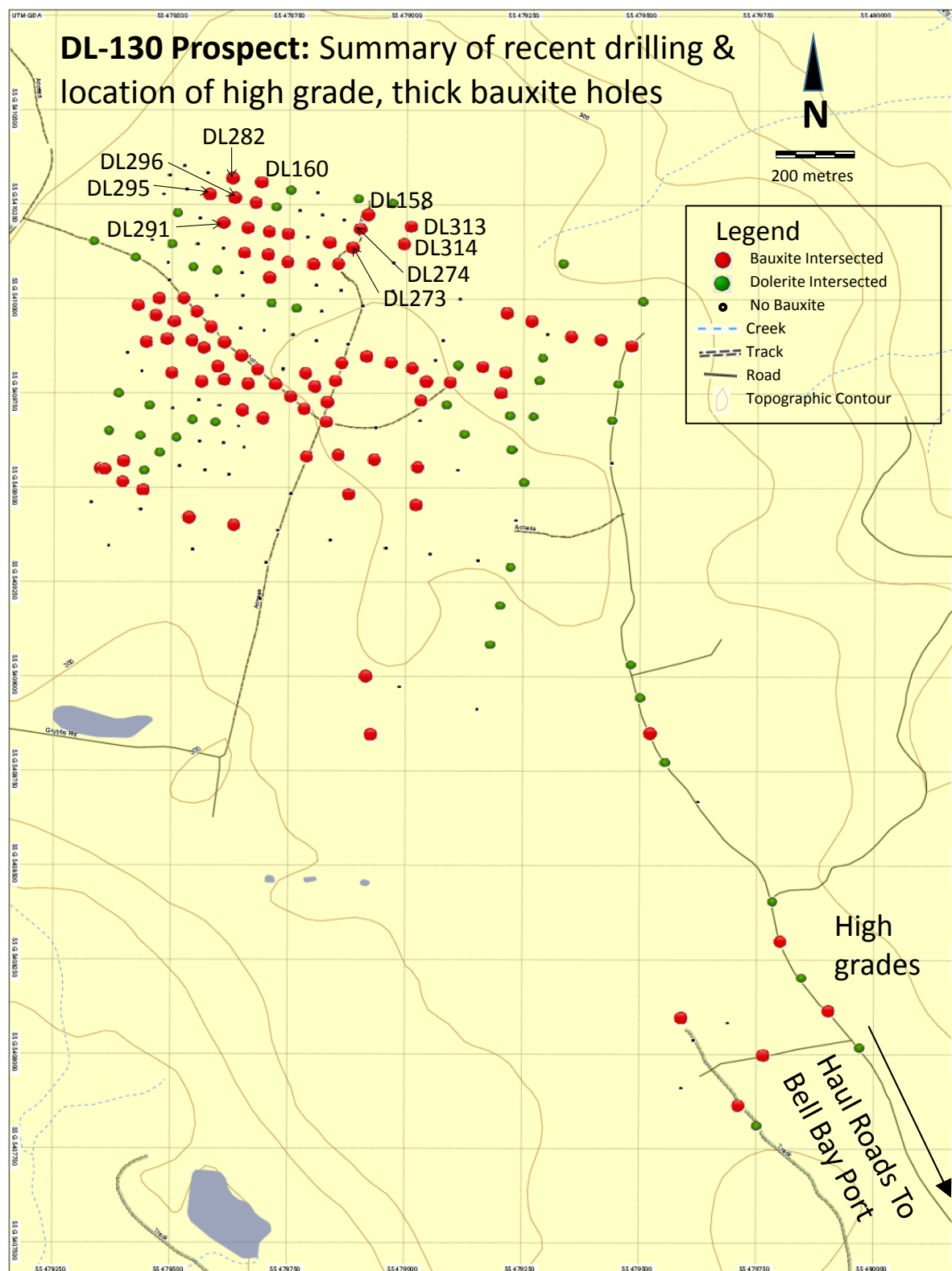


Figure 2: DL-130 Bauxite Prospect: core bauxite zone and location of recent drill holes containing thick intercepts of high-grade bauxite

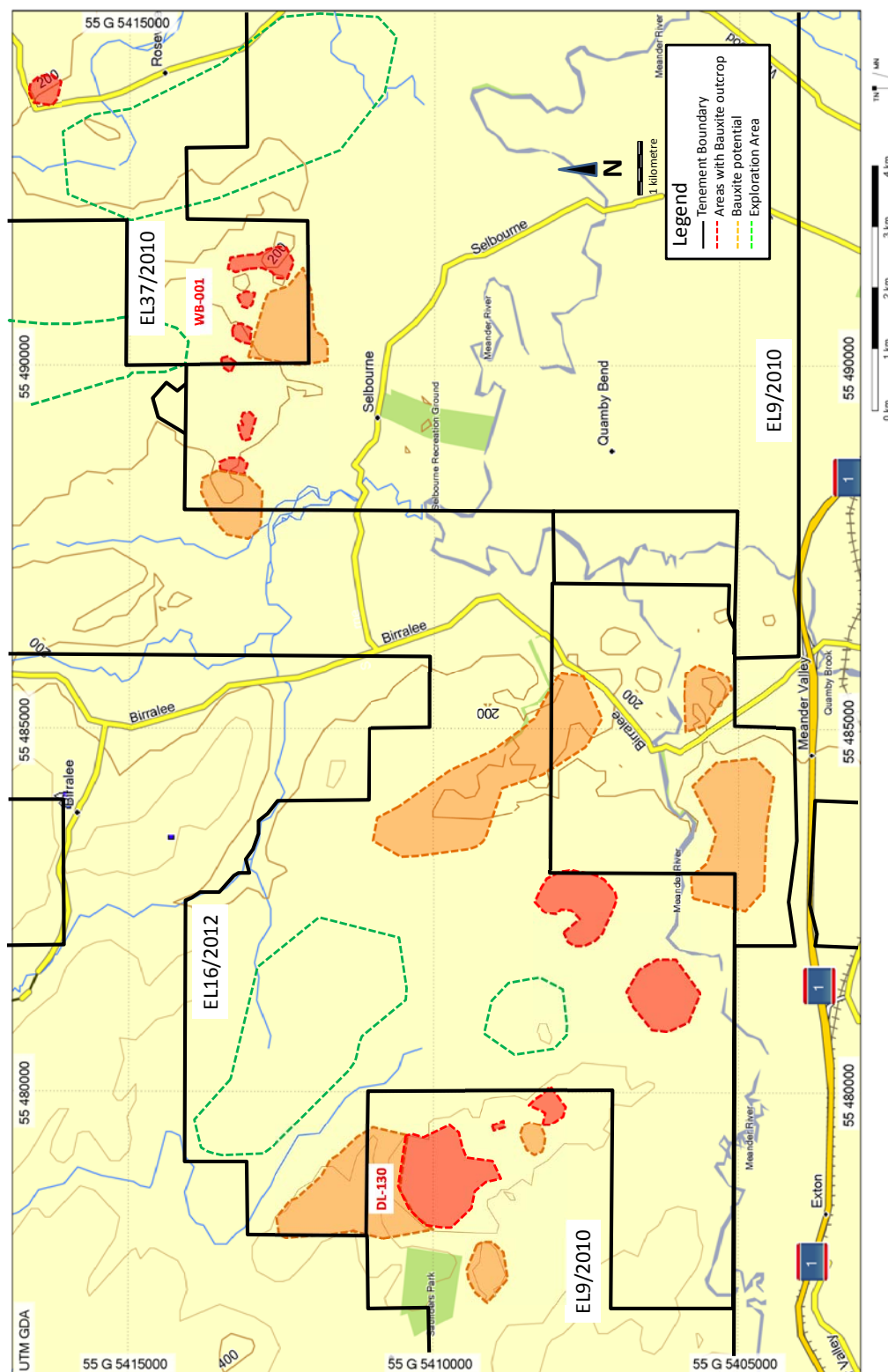


Figure 3: DL-130 Bauxite Prospect and recently discovered extensions of outcropping bauxite (red), potential concealed bauxite (orange) and new exploration targets (green) identified by ABx's exploration technology

Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves “The JORC Code”:
Table 1

Section 1 – Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling 	<ul style="list-style-type: none"> Reverse circulation aircore drillhole samples at 1 metre depth intervals.
	<ul style="list-style-type: none"> Measures to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. 	<ul style="list-style-type: none"> Representivity verified by twinned holes, drill sampling tests at 0.5 metre intervals, core holes and bulk pits. Correlations are moderate to good.
	<ul style="list-style-type: none"> Material aspects of the determination of mineralisation. 	<ul style="list-style-type: none"> Bauxite is identified by geological logging and field-lab testing then sent to lab. ¼ samples sent to ALS Laboratories Brisbane. Wet-screened at 0.26mm; recovered bauxite is dried, pulverised, subsampled & assayed. Raw bauxite-samples resubmitted for unscreened assay of in-situ grades. Laboratory yields bear an indirect relationship with actual production yields which have averaged above 70% in bulk tests.
Drilling techniques	<ul style="list-style-type: none"> Drill type 	<ul style="list-style-type: none"> Reverse circulation aircore drilling as used by major bauxite mining operations.
Drill sample recovery	<ul style="list-style-type: none"> Recording and assessing chip sample recoveries and results assessed. 	<ul style="list-style-type: none"> Weigh samples, volume estimates, comparisons with bulk pits.
	<ul style="list-style-type: none"> Measures taken to maximise sample recovery and ensure representative nature of the samples. 	<ul style="list-style-type: none"> Lowest practical air pressure used, steady drill speed. Drilling contractor is paid per day not per metre.
	<ul style="list-style-type: none"> Relationship between sample recovery and grade and possible sample bias. 	<ul style="list-style-type: none"> No relationship has been observed between core recovery and grade. Dust loss must be minimised to avoid bias.
Logging	<ul style="list-style-type: none"> Have chip samples been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. 	<ul style="list-style-type: none"> Every metre of drill chips is logged geologically, photographed, assayed and all data recorded in ABacus database. Geotechnical tests are done during bulk test pits and trial mining.
	<ul style="list-style-type: none"> Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. 	<ul style="list-style-type: none"> Qualitative geological logging & semi-quantitative field lab tests. Channel sampling, bulk sampling & screened samples of bulk pits. All samples are photographed & stored in database.
	<ul style="list-style-type: none"> The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> 100% logged. Report lists total metres drilled, sampled & assayed.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> For non-core samples, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. 	<ul style="list-style-type: none"> Quartered sampling done on undried aircore chip samples as drilled.
	<ul style="list-style-type: none"> Nature, quality and appropriateness of the sample preparation technique. 	<ul style="list-style-type: none"> Sample preparation technique suits bauxite type. Confirmed by multi-tests.
	<ul style="list-style-type: none"> Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. 	<ul style="list-style-type: none"> Repeated sub-sampling and twinned holes produces comparable laboratory results within natural variance range.
	<ul style="list-style-type: none"> Measures to ensure sampling representativeness of the in situ material collected. 	<ul style="list-style-type: none"> Repeated sub-sampling and twinned holes produces comparable laboratory results within natural variance range.
	<ul style="list-style-type: none"> Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Sample sizes are appropriate to the grain size of the material being sampled. Complies with sampling theory.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. 	<ul style="list-style-type: none"> ALS uses industry-standard techniques for total analysis for trihydrate bauxite types. Confirmed by inter-lab tests & customers are satisfied with ALS laboratory results after testing many samples.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. 	<ul style="list-style-type: none"> Handheld XRF results in field laboratory used only to confirm sample selection for ALS laboratory analyses. Calibration studies done on several sample sets to ensure the Niton handheld XRF operates satisfactorily. One major service was required.
	<ul style="list-style-type: none"> Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Repeated sub-sampling and twinned holes produces comparable laboratory results within natural variance range. Laboratory standards statistically assessed during resource estimation.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. 	<ul style="list-style-type: none"> Repeated sub-sampling and twinned holes produces comparable laboratory results within natural variance range.
	<ul style="list-style-type: none"> The use of twinned holes. 	<ul style="list-style-type: none"> Twinned holes done often.
	<ul style="list-style-type: none"> Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. 	<ul style="list-style-type: none"> Well-established professional database procedures, including links back to Lab data certificates, original logging sheets and sample photos.
	<ul style="list-style-type: none"> Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> When not material, some incomplete in-situ data are estimated mathematically from screened lab results of the same samples until unscreened lab results are received. Has been a reliable method but is decreasingly required as sample-despatch and turnaround times improve.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. 	<ul style="list-style-type: none"> Drill holes sited using hand-held GPS accurate within 2 metres horizontally and within 3 metres vertically. No down-hole surveys required for 15 metre deep vertical holes.
	<ul style="list-style-type: none"> Specification of the grid system used. 	<ul style="list-style-type: none"> MGA94
	<ul style="list-style-type: none"> Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Digital 5 metre topographic contours Pre-mining, landform is professionally surveyed, accurate to within 0.1 metres by Leica GS15 dual frequency receiver.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. 	<ul style="list-style-type: none"> Not specified.
	<ul style="list-style-type: none"> Is data spacing and distribution sufficient to establish degrees of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation? 	<ul style="list-style-type: none"> Drill spacing is suitable for estimation of Inferred & Indicated resources but not Measured which may need mine confirmation. Spacings confirmed geostatistically.
	<ul style="list-style-type: none"> Has sample compositing been applied? 	<ul style="list-style-type: none"> No sample compositing done.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. 	<ul style="list-style-type: none"> Shallow vertical holes are used to test surface layer of bauxite as done by all bauxite companies. Comparisons with bulk pits samples are satisfactory
	<ul style="list-style-type: none"> Has orientation of drilling and key mineralised structures introduced a sampling bias? 	<ul style="list-style-type: none"> No bias has been detected from comparisons between drillhole results and bulk pit results.

Criteria	JORC Code explanation	Commentary
Sample security	<ul style="list-style-type: none"> Measures taken to ensure sample security. 	<ul style="list-style-type: none"> Chain of custody methods, wire-tying & plastic wrapping of pallets of samples.
Audits or reviews	<ul style="list-style-type: none"> Results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> Audits by major firms and potential customers have been satisfactory.

Section 2 – Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary					
Mineral tenement and land tenure status	<ul style="list-style-type: none">Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	<ul style="list-style-type: none">Exploration Licences are listed in this report and all held 100% by ABx4 Pty Limited, a wholly owned subsidiary of Australian Bauxite Limited and free of 3rd party encumbrances, joint ventures, royalties, native title, historical sites, wilderness or national parks or socio-environmental constraints.					
	<ul style="list-style-type: none">The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	<ul style="list-style-type: none">All tenements are in good standing. A licence to operate requires a landholder access agreement, a granted Mining Lease and an acceptable Development Plan and Environmental Management Plan.					
Exploration done by other parties	<ul style="list-style-type: none">Acknowledgment and appraisal of exploration by other parties.	<ul style="list-style-type: none">The bauxite deposits are new discoveries by ABx using its proprietary exploration technology.					
Geology	<ul style="list-style-type: none">Deposit type, geological setting and style of mineralisation.	<ul style="list-style-type: none">Bauxite formed on Tertiary volcanic tuffs.					
Drill hole Information	<ul style="list-style-type: none">A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:<ul style="list-style-type: none">coordinates of hole collardip and azimuth of the holedown hole length & interception depthhole length.	<ul style="list-style-type: none">Material exploration results are reported in the release.					
		Hole ID	Easting (m)	Northing (m)	Collar Azimuth	Collar Dip	Total Depth (m)
		DL158	478918	5410222	0	-90	9
		DL160	478691	5410308	0	-90	9
		DL272	478863	5409829	0	-90	9
		DL273	478885	5410135	0	-90	9
		DL282	478629	5410319	0	-90	9
		DL291	478610	5410201	0	-90	12
		DL295	478580	5410276	0	-90	13
		DL296	478635	5410267	0	-90	17
	DL313	479010	5410191	0	-90	10	
	DL314	478995	5410144	0	-90	9	
		<ul style="list-style-type: none">If the exclusion of this information is justified, the Competent Person should clearly explain why this is the case.	<ul style="list-style-type: none">The bauxite deposits have hundreds of holes, thousands of samples & assays; too many data to list in this manner.				
Data aggregation methods	<ul style="list-style-type: none">In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.	<ul style="list-style-type: none">Uncut assays used due to normal distribution patterns.Cut-off grades are 20% available Al2O3 for unscreened samples and 25% available Al2O3 for screened samples.					
	<ul style="list-style-type: none">Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated.	<ul style="list-style-type: none">Not applicable: simple length weighting of standard 1 metre long samples grading above the cut-off grades is used.					
	<ul style="list-style-type: none">Metal equivalent value assumptions.	<ul style="list-style-type: none">None used.					
Relationship between mineralisation	<ul style="list-style-type: none">These relationships are particularly important in the reporting of Exploration Results.	<ul style="list-style-type: none">Intercept length down hole equals the bauxite mineralisation true width.					

Criteria	JORC Code explanation	Commentary
widths and intercept lengths	<ul style="list-style-type: none"> If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. 	<ul style="list-style-type: none"> Holes are vertical and the bauxite is horizontal geometry.
	<ul style="list-style-type: none"> If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect. 	<ul style="list-style-type: none"> Not applicable: bauxite mineralisation is horizontal; perpendicular to the vertical holes.
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Summarised maps are shown in the report.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> Summarised in the report, with examples shown as appropriate.
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> Material exploration data included in the report.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for extensions). 	<ul style="list-style-type: none"> Summarised in the report.
	<ul style="list-style-type: none"> Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Summarised in the report except where commercially sensitive.