Corporate
- Group available cash at the end of the quarter was $1.45 million and now stands at about $1.47 million.
- ABx has lines of credit for working capital, if required, and has no current plans for capital raisings.

Sales & Operations
Sales of 1,412 tonnes of bauxite was concluded in the quarter as part of a regular sales of fertiliser grade bauxite.

Bauxite Refining Technology Alcore
- ABx has global exclusive rights to Alcore technology to beneficiate and refine bauxite into high-value products:
  a. Aluminium Fluoride (AlF₃) used as an electrolyte for aluminium smelters & lithium ion batteries;
  b. Silica fume for our cement industry customers and manufacturers of low CO₂ geopolymer cement;
  c. Corethane which is an ultra-pure hydrocarbon that can substitute for natural gas for electricity generation, heating, metallurgical use and brickmaking; and,
  d. Refractory-grade bauxite and potentially high purity alumina for making scratch-resistant sapphire glass.
- ABx assisted technology owner, Refined Ore Industries Limited “ROIL” lodge the patent application on 5 June 2017.
- Alcore’s business plan is to develop the first of several Alcore bauxite refinery projects in Tasmania and/or northern QLD. ABx’s uniquely clean bauxite is ideal for Alcore because it is totally free of deleterious elements.
- ABx has a design and cost study for Stage 1 of the Alcore project to generate bulk samples of products for market-testing by Alcore’s prospective customers. (see ABx ASX announcement dated 26 March 2018). Cost estimates for Stage 1 have reduced by more than 50% to between $5.5 and $6.5 million.
- Reductions in costs and technological risks arise from process simplification, lower cost modern components and by initially targeting products with wider specification tolerances. Alcore technology is relatively low-risk because it operates at ambient temperatures and pressures.
- Stage 1 has commenced with quotations for construction and securing the approved site in Berkley Vale NSW.
- Subject to regulatory, statutory and shareholder approvals as required, the Alcore project will hold discussions with governments, agencies and companies that have showed strong interest in both AlF₃ and the main co-products, Corethane and silica fume.
- $1.2 million of funding has already been promised by a party that will provide services to Alcore.
- Financing plans are to be finalised in mid-2018. Funding proposals under consideration include selecting an engineering firm to part-fund Stage 1 evaluations of the Alcore process and if satisfied, build, own, operate and transfer the large bauxite refinery production plant to Alcore (“eBOOT financing”).
- ABx has been approached by a party involved in the Aluminium Fluoride industry to discuss Stage 1 financing and, if successful, other participants in the Aluminium Fluoride industry have expressed interest in providing some finance for the construction of the 50,000 tonne per year production plant, subject to offtake agreements.
- A third party is also seeking access to the Stage 1 Plant for the purification of graphite on terms that may supply one third of the cost of the Stage 1 Plant during its 12 to 18 months of testwork.

Review of Binjour project
- Resource modelling and mining sequencing is in progress. Binjour Bauxite project resources are currently estimated as totalling 28 million tonnes from Binjour exploration licences ¹ and granted mining lease at Toondoon south of Mundubbera. ¹
- Bulk samples were collected and physico-chemical tests were conducted during the quarter in 5 laboratories in Queensland, Western Australia and India to expedite negotiations with customers for the execution of offtake sale-purchase agreements for the project.
- ABX’s marketing partner, Rawmin Industries of India has commenced shipping bauxite to the large alumina refinery of one of the prospective customers in India and has obtained a pro-forma contract terms from which ABX can conduct grade versus price studies for the processing of its Binjour bauxite.

1. See Resource Statement
Locations

Figure 1
Locations of ABx bauxite mines, projects and transport infrastructure in Tasmania

Figure 2
ABx Project Tenements & Major Infrastructure in ABx’s major bauxite project areas nearest export ports in Eastern Australia as follows, from south to north:

1. Northern Tasmania, south of Bell Bay Port
2. Southern NSW Taralga & Penrose pine forest west of Port Kembla
3. Central Queensland based on the major Binjaur Bauxite Project, southwest of Port of Bundaberg
Sales & Operations: Bald Hill Bauxite Project, Campbell Town, Northern Tasmania

Operating Statistics – Table 1

<table>
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<tr>
<th>Dispatch Date</th>
<th>Sale Tonnes</th>
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</tr>
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<td></td>
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<tr>
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<td>Fertiliser Sub Total 5,877</td>
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<td>Total all sales 83,551</td>
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</table>

Product stockpiles (at mine site, blended to specification)
- Cement-grade 1,800 tonnes
- Fertiliser grade 290 tonnes

Subtotal product s/piles 2,090 tonnes

Mine stockpiles (grade controlled, ready for blending)
- Metallurgical grade 2,500 tonnes
- Cement-grade 44,700 tonnes
- Fertiliser grade 13,558 tonnes

Subtotal mine s/piles 60,758 tonnes

Recent falls in the Australian dollar exchange rate are approaching the target levels in US dollar sales contracts and are considered a positive development overall (see market review below). Several sales contracts are at the Letters of Intent stage.

Rehabilitation Completed Ahead of Schedule & Returned to Cultivation & Grazing

Figure 3
End of mining January 2016
Topsoil was stored in bunds around the mining areas and kept "alive" by not burying it in large stockpiles.

Figure 4
End of rehabilitation November 2017
The land was handed back to the landholder to return to grazing and cultivation in February 2018 across disturbed areas.
### Bauxite Refining Technology

ALCORE’s bauxite refining technology produces Aluminium Fluoride ($\text{AlF}_3$) and other co-products including the gas-substitute Corethane to power the plant and Silica Fume for the cement industry which ABx already services with its supplies of cement-grade bauxite.

ABx has been in negotiations with potential customers about technical specifications for its $\text{AlF}_3$ product and it is considered likely that there is sufficient demand for a 50,000 tonnes per year $\text{AlF}_3$ production plant.

ABx will control all marketing of ALCORE products and is pleased to supply customers in the bauxite-alumina-aluminium industry to become more cost-efficient at the smelting stage, not just at the bauxite stage. Currently all $\text{AlF}_3$ used in Australia is imported at prices higher than those paid by overseas competitors.

#### ALCORE Bauxite Refining Process: all co-products saleable

**Bauxite &/or coal ash** = 36% $\text{Al}_2\text{O}_3 + \text{Fe}_2\text{O}_3 + \text{SiO}_2 + \text{TiO}_2$

**Reagents:** 2 Fluorine acids & water (mainly “FSA” a waste acid from fertiliser plants and used for water fluoridation).

**Process**

1. All minerals except hydrocarbon dissolved by reagents
2. Hydrocarbon floats & is recovered = “Corethane”
3. Metal fluorides form from dissolved minerals
4. Fluorides sequentially precipitated as oxide products (except $\text{AlF}_3$) and F-acids recovered
5. By-products are all in saleable pure forms

**Summary**

ALCORE’s bauxite refining converts Tasmanian bauxite valued at approximately US$50 per tonne into a suite of products worth in excess of **US$800 per tonne of bauxite** representing a more than **10-times** increase in the value per tonne of bauxite.

**Competitive Advantage: ABx’s clean bauxite & zero emissions**

ALCORE exploits ABx’s main strength, namely its uniquely clean chemical composition, free of deleterious elements that would inhibit ALCORE’s bauxite refining efficiency. Few, if any other Australian bauxite is so suited to ALCORE’s bauxite refining technology. This allows ALCORE to operate with zero emissions, making it easy to site amongst other industrial operations, some of which will be ALCORE’s customers.

**Risk management: Proven low temperature & pressure technology and achievable product grades**

The ALCORE strategy is specifically designed to moderate the financial and technical risks as follows:

1. The technology has been successfully tested twice before, at the rate of 50,000 tonne per year in Japan in 1981-86 and at 5,000 tonnes per year capacity at Cooma NSW in 2002-07;
2. The ALCORE technology operates at low temperatures and low pressures, requiring moderate levels of temperature control;
3. The main products targeted for production in years 1 to 5, namely $\text{AlF}_3$, silica fume and high-grade bauxite) are those that can be sold at moderate grades and good prices. Too many technology projects target 99.99% purity which will take several years of process improvements to achieve.
Binjour Project Commencing Financial Studies & Marketing Strategy

This project area is located inland from Bundaberg, central Queensland, comprising the main project area located at Binjour, 115kms SW of Bundaberg between Gayndah and Mundubbera with a granted Mining Lease at Toondoon 25kms south of Mundubbera and an exploration project at Brovinia further to the south.

ABx and its Indian marketing partner, Rawmin Mining and Industries (Rawmin) are assessing the economic viability of the Binjour Bauxite project in the Wide Bay Burnett region of central Queensland, shipping from the Port of Bundaberg.

Resource modelling combined with mining strategies and processing technologies are in progress. Binjour Bauxite project resources are currently estimated as totalling 28 million tonnes from Binjour exploration licences and granted mining lease at Toondoon south of Mundubbera.

Bulk samples were collected and forwarded for physico-chemical testing in 5 laboratories in Queensland, Western Australia and India during the March quarter to expedite negotiations with customers for the execution of offtake sale-purchase agreements for the project. Discussions with prospective customers have commenced and Rawmin has already commenced shipments of its bauxite, which is similar to Binjour bauxite, to one of the prospective customer’s large alumina plant in India. The terms of these sales allow ABx to model the processing of its bauxite whereby the costs and yields from different degrees of upgrading can be compared with the additional price that can be achieved by that processing.

Once results from the resource re-estimation and the analyses of the bulk samples by multiple laboratories is completed and assessed by several potential customers, ABx will make a public statement of those results in the form of an ASX release.

1. See Resource Statement
Bauxite Markets Improving Steadily

**Cement-grade:** ABx sells into the strengthening cement markets until Chinese metallurgical bauxite prices continue their recovery to reach sufficiently profitable prices in Australian dollar terms.

ABx is growing its bauxite business by supplying cement-grade bauxite for making high-strength cement and supplying fertiliser-grade bauxite for making superphosphate fertiliser. Demand for ABx cement-grade bauxite which is exceptionally low in alkali salts, is quartz-free and has good materials handling performance, stopping kiln blockages, reducing fuel consumption and reducing wear rates on the cement kiln refractory brick linings.

ABx's low-alkali, quartz-free cement-grade bauxite supplies the right forms of $\text{Al}_2\text{O}_3$, $\text{Fe}_2\text{O}_3$ and $\text{SiO}_2$ in the correct ratio to increase the production rate of high-strength Portland cement.

**Metallurgical Grade Bauxite Market (for aluminium production)**

![Metallurgical Bauxite imports into China](image)

![Average Price of Chinese Metallurgical Bauxite Imports](image)

**Commentary:** Demand for bauxite imports continues to grow in China and globally as aluminium production grows. During 2015-16, Chinese aluminium companies established their own mines in the west African country of Guinea and assembled their own low-cost supply chains using large tonnage bulk-shipping from Guinea to China. Bauxite from Guinea has grown from zero tonnes in October 2015 to become the largest supplier into China, supplying 18.1 million tonnes in the last 6 months, as compared to 13.8 million tonnes from Australia.

Metallurgical-bauxite prices fell significantly in 2015-16 as bauxite from Malaysia was dumped into an already weakening bauxite market. Prices remained flat during 2016 as supply from Guinea in West Africa into China grew massively to create a supply surplus. Average prices have risen slightly during 2017 which has, until recently, been due to the increase in the proportion of the more expensive bauxite from Guinea.

**Prices firming – finally:** There has been some strengthening in bauxite prices in recent months, and is no longer being offset by the high AUD-USD exchange rates that prevailed for several years. See Figure 9 following.
Figure 9: Chinese metallurgical bauxite import tonnes & prices for major supplier countries in US$ per tonne CIF China.
Note that prices for bauxite from Guinea in West Africa are significantly higher than prices for bauxite from Australia, India & Malaysia

Source: Chinese Customs, Bloomberg

Since bauxite supply from Guinea reached a stable level in 2016-17, prices for bauxite stabilised at their new levels. The relative prices from each country represents a combination of cost of delivery and relative quality differences. This pattern resembles the pattern for other bulk commodities like iron ore and coal.

The commencement of new alumina refineries in China and India that require new supplies of imported bauxite is now happening will change this market setting. Some new alumina refinery projects are actively seeking to secure their own supply chains for bauxite.

**Overall market commentary**

During times of cheap shipping costs, the flood of bauxite from Guinea effectively creates a dampening influence on metallurgical bauxite prices, until the growing demand for imported bauxite in China and India reaches a new level.

China’s strategies to create a reliable and controlled supply of vital bauxite ore supplies into China have succeeded remarkably well for the time being. However, new entrants into the alumina refinery industry will not rely on bauxite mines operated by their competitors and they will encourage new suppliers of metallurgical bauxite, as has happened in all other bulk commodities like iron ore and coal.

ABx will sell metallurgical bauxite when prices and sale terms are attractive. The current market is improving.
Exploration: Penrose Pine Forest Quarry NSW

The Penrose project is located in a pine plantation adjacent to the major Hume Highway, some 90km from Port Kembla, south of Sydney NSW. It contains a layer of grey-white, low iron bauxite that potentially could be used to produce refractory bauxite or high value chemical-grade bauxite.

Overlying the grey-white bauxite layer is a two-metre thick layer of high grade metallurgical bauxite.

ABx conducted significant beneficiation research and development laboratory work on the special low-iron bauxite at its laboratory in Tasmania which concluded that a combination of the following physical sorting methods can significantly upgrade Penrose Bauxite:

1. Crushing and dry sieving to various size fractions reduces SiO₂ & TiO₂ in the fines
2. Dry gravity separation and wet gravity separation reduces Fe₂O₃, SiO₂ & TiO₂ in the light fraction
3. Magnetisation by heating and magnetic sorting removes Fe₂O₃ & TiO₂ in the magnetic fraction
4. Wet leaching tests of Fe₂O₃ in oxygen-free reducing conditions are still in progress.

ABx is in discussions with two companies that specialise in refractory bauxite and chemical processing of bauxite. During the quarter, ABx opened discussions with a possible nearby customer for the top layer of metallurgical bauxite.

About Australian Bauxite Limited

Australian Bauxite Limited (ABx) has its first bauxite mine in Tasmania & holds the core of the Eastern Australian Bauxite Province. ABx’s 15 bauxite tenements in Queensland, New South Wales & Tasmania totalled 1,128 km² & were 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 (THA) bauxite that can be processed into alumina at low temperature.

ABx has committed a large proportion of its expenditure into Research and Development to find ways to capitalise on the main strengths of its bauxite type, mainly highly clean, free of all deleterious elements and partitioned into layers, nodules, particles and grains of different qualities that can be separated into different product streams using physical, chemical and geophysical methods.

ABx has declared large Mineral Resources at Inverell & Guyra in northern NSW, Taralga in southern NSW, Binjou in central QLD & in Tasmania, confirming that ABx has discovered significant bauxite deposits. ABx’s first mine commenced at Bald Hill near Campbell Town, Tasmania in December 2014 – the first new Australian bauxite mine for more than 35 years.

ABx aspires to identify large bauxite resources in the Eastern Australian Bauxite Province, which is a globally significant bauxite province. ABx has created significant bauxite developments in 3 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.
Resource Statement, Definitions and Qualifying Statement

Tabulated below are the Mineral Resources for each Abx Project. The initial ASX disclosure for these Resources is given in the footnotes to the table. Refer to these announcements for full details of resource estimation methodology and attributions.

Table 2: Abx JORC Compliant Resource Estimates

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<th>Region</th>
<th>Resource Category</th>
<th>Tonnage (Million Tonnes)</th>
<th>Thickness (m)</th>
<th>A/S</th>
<th>Fe₂O₃</th>
<th>TiO₂</th>
<th>LOI</th>
<th>Al₂O₃ wt%</th>
<th>Sio₂</th>
<th>Avr/Rx</th>
<th>% Lab Yield</th>
<th>O'Burden (m)</th>
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<td>9.7</td>
<td>27.3</td>
<td>4.2</td>
<td>22.4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>31.6</td>
<td>4.1</td>
<td>8</td>
<td>2.4</td>
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<tr>
<td><strong>GUIYA, NSW</strong></td>
<td><strong>Inferred</strong></td>
<td>2.3</td>
<td>4.2</td>
<td>41.4</td>
<td>3.6</td>
<td>12</td>
<td>26.2</td>
<td>3.3</td>
<td>24.6</td>
<td>35.0</td>
<td>2.8</td>
<td>13</td>
<td>0.6</td>
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<tr>
<td><strong>Indicated</strong></td>
<td>3.8</td>
<td>5.9</td>
<td>16</td>
<td>27.3</td>
<td>3.9</td>
<td>24.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>37.4</td>
<td>2.0</td>
<td>18</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6.0</td>
<td>5.3</td>
<td>3.0</td>
<td>26.9</td>
<td>3.7</td>
<td>24.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>36.5</td>
<td>2.3</td>
<td>16</td>
<td>0.4</td>
</tr>
</tbody>
</table>

**GRAND TOTAL ALL AREAS** 124.6

**Explanation**: All resources 100% owned & unencumbered. Resource tonnage estimates are quoted as in-situ, pre-mined tonnes. All assaying done at NATA-registered ALS Laboratories, Brisbane. Chemical definitions: Leach conditions to measure available alumina (Al₂O₃ Avr) & reactive silica (Rx SiO₂) is 1g leached in 10ml of 90g/l NaOH at 143°C for 30 minutes. LOI = loss on ignition at 1000°C. "Avr/Rx" ratio is (Al₂O₃ Avr) (Rx SiO₂) and "A/S" ratio is Al₂O₃/SiO₂. Values above 6 are good, above 10 are excellent. Lab Yield is for drill dust samples screened by ALS lab at 0.26mm screen size. Production yields are not directly related to Lab Yield and are typically between 50% and 70%. Tonnages requiring no upgrade will have 100% yield.

**Resource estimates exclude** large tonnages of potential extensions that would be drilled during production to extend tonnages.

The information above refers to Mineral Resources previously reported according to the JORC Code (see Competent Person Statement) as follows:

1 Maiden Tasmania Mineral Resource, 5.7 million tonnes announced on 08/11/2012
2 Binjour Mineral Resource, 24.5 million tonnes announced on 29/06/2012
3 QLD Mining Lease 80126 Maiden Resource, 3.5 million tonnes announced on 03/12/2012
4 Goulburn Taralga Bauxite Resource Increased by 50% to 37.9 million tonnes announced on 31/05/2012
5 Inverell Mineral Resource update, 38.0 million tonnes announced on 08/05/2012
7 Initial resources for 1st Tasmanian mine, 3.5 million tonnes announced on 24/03/2015
8 Resource Upgrade for Fingal Rail Project, Tasmania announced on 25/08/2016

Tabulated Resource numbers have been rounded for reporting purposes. The Company conducts regular reviews of these Resources and Reserve estimates and updates as a result of material changes to input parameters such as geology, drilling data and financial metrics.

Global Mineral Resources declared to 25/08/2016 total 124.6 million tonnes.
Qualifying statements

General
The information in this report 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 Mr Levy is a director of Australian Bauxite Limited.

Mainland
The information relating to Mineral Resources on the Mainland was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

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 Reserves. Mr Rebek and Mr Levy have consented in writing to the inclusion in this report of the Exploration Information in the form and context in which it appears.

Tasmania
The information relating to Exploration Information and Mineral Resources in Tasmania has been prepared or updated under the JORC Code 2012.

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 Reserves. Mr Rebek and Mr Levy have consented in writing to the inclusion in this report 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.

Table 3: Tenement information required under LR 5.3.3

<table>
<thead>
<tr>
<th>Tenement No.</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New South Wales</strong></td>
<td></td>
</tr>
<tr>
<td>EL 6997</td>
<td>Inverell</td>
</tr>
<tr>
<td>EL 7361</td>
<td>Guyra</td>
</tr>
<tr>
<td>EL 8370</td>
<td>Penrose Forest</td>
</tr>
<tr>
<td>EL 7357</td>
<td>Taralga</td>
</tr>
<tr>
<td>EL 7681</td>
<td>Taralga Extension</td>
</tr>
<tr>
<td>EL 8600</td>
<td>Penrose Quarry</td>
</tr>
<tr>
<td><strong>Queensland</strong></td>
<td></td>
</tr>
<tr>
<td>EPM 17790</td>
<td>Hampton</td>
</tr>
<tr>
<td>EPM 18014</td>
<td>Binjou</td>
</tr>
<tr>
<td>EPM 18772</td>
<td>Binjou Extension</td>
</tr>
<tr>
<td>EPM 25146</td>
<td>Toondoon EPM</td>
</tr>
<tr>
<td>EPM 19427</td>
<td>Brovinia 2</td>
</tr>
<tr>
<td>ML 80126</td>
<td>Toondoon ML</td>
</tr>
</tbody>
</table>

**Tasmania**
- EL 7/2010 Conara
- EL 9/2010 Deloraine
- EL 16/2012 Reedy Marsh
- EL 18/2014 Prosser’s Road
- ML 1961 P/M Bald Hill Bauxite

**Note:** During the quarter, 3 exploration licences were relinquished.

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