AUSTRALIAN **BAUXITE** LIMITED
ASX: ABX

About Australian Bauxite Limited
ASX Code ABX

Australian Bauxite Limited (**ABx**) has started its first bauxite mine in Tasmania and holds the core of the Eastern Australian Bauxite Province. ABx's 37 bauxite tenements in Queensland, New South Wales & Tasmania exceed 5,000 km^2 and were rigorously 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 bauxite & can be processed into alumina at low temperature – the type in short-supply globally.

ABx has declared large Mineral Resources at Inverell & Guyra in northern NSW, Taralga in southern NSW, Binjour in central QLD & in Tasmania confirming that ABx has discovered significant bauxite deposits including some of outstandingly high quality.

In Tasmania, at Bald Hill, the Company's first bauxite mine commenced operations on schedule on 9 December 2014 – the first new Australian bauxite mine for more than 35 years, with first shipments targeted for early 2nd Quarter, 2015.

ABx aspires to identify large bauxite resources in the Eastern Australian Bauxite Province, which is emerging as 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.

Directors / Officers

Paul Lennon	Chairman
Ian Levy	CEO & MD
Ken Boundy	Director
Leon Hawker	Chief Operating Officer
Rob Williams	General Manager
Henry Kinstlinger	Secretary
Julian Rockett	Secretary

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ASX Symbol: ABX

Latest News: www.australianbauxite.com.au

QUARTERLY REPORT TO 31 DECEMBER 2014

Quarterly report & activities statement dated 29 January 2015 for 3 months to 31 December 2014.

PRINCIPAL POINTS

Corporate

- Successful capital raising of $3.75 million before costs completed to fund evaluation of Binjour Bauxite Province in central Queensland and the initial development of the Bald Hill Bauxite Project in Tasmania; facilitated by State One Stockbroking and Gleneagle Securities.
- Group available cash at 31 December is in the order of $4 million.

Exploration & Development

- Development of the company's first bauxite mine at Bald Hill Bauxite Project, Campbell Town in central northern Tasmania commenced on schedule on 9 December 2014.
- Tasmanian Minister of Mines opened the development phase on 18 December.
- Mining of two bauxite pits at Bald Hill during January has stockpiled several thousand tonnes of ore, which is being screened in late January to optimise extraction and screening configurations.
- Second mining lease planned at Fingal Rail bauxite project, 11km north of Campbell Town, targeting grant by end 2015.
- Rubble Flat mining target at the DL 130 prospect in northern Tasmania, is within 75km of the Bell Bay Export Port and will be drilled in early February, along with recently discovered extensions to the bauxite deposits in this prolific province.

Tenement status

All tenements are in good standing & 100% owned.

Bauxite Market

Bauxite prices and the Australian dollar exchange rate continue to be more favourable than expectations.

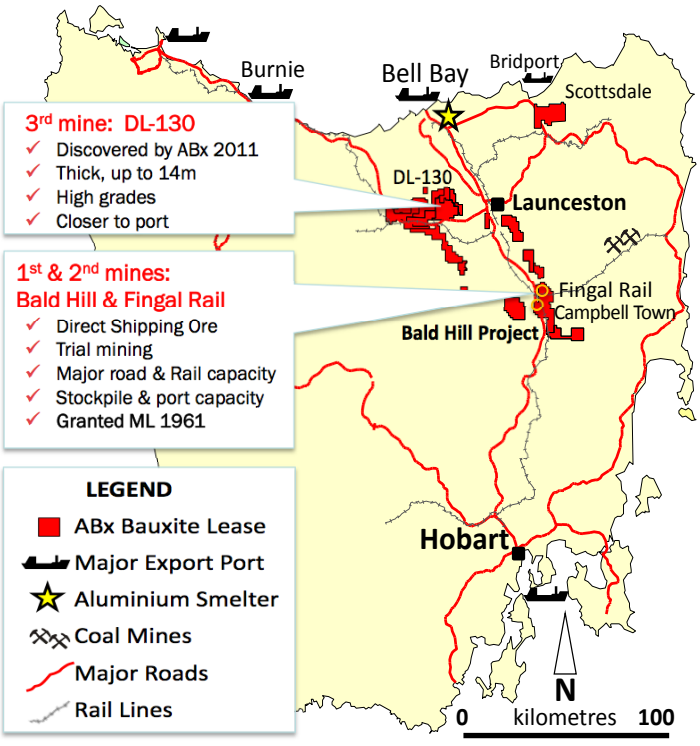
Bulk samples of Bald Hill bauxite have been tested by prospective customers and all have expressed an interest in purchasing the bauxite which is to be sold via the Noble Group's global marketing offices and networks.

Corporate

- Kon Tsiakis resigned as Director on 19 November 2014
- ABx4 Pty Ltd (**ABx4**), a wholly owned subsidiary of Australian Bauxite Limited (ASX: ABx), concluded a binding term sheet with Noble Resources International Pte Ltd (**Noble**) on 10 October 2014 granting Noble the exclusive global marketing rights in respect to the Tasmanian Project, in consideration for Noble agreeing to enter into the Loan Facility and supportive marketing and offtake agreements
- Noble to provide A$6 million project finance supported by A$2 million stand-by facility if required to expand the operations
- ABx4 and Noble were to complete long form agreements, within 30 days, consisting of a Loan Facility, Marketing Agreement, Marketing Royalty Deed and Noble Offtake Agreement; these are yet to be concluded
- Noble to provide marketing and supply chain management services for 50% of the production on an open book basis
- Noble to off-take balance 50% of production as principal for the first 4 years to support product market entry and project start-up
- Agreement to apply to all ABx Tasmanian projects. Projects in NSW & QLD are excluded
- In late November 2014, 12.5 million shares were issued at 30 cents to sophisticated, eligible and/or professional investors raising gross proceeds of $3.75 million before costs.

Exploration & Development

- First mine at Bald Hill near Campbell Town commenced operating 9 December 2014. Approximately 10,000 tonnes of bauxite has been mined to date. Screening just commenced.
- Second mining lease planned at Fingal Rail bauxite project, 11km north of Campbell Town
- Mining target area at DL 130 in northern Tasmania is within 75 km of the Bell Bay Export Port. 3 new deposits at DL-130, including Rubble Flat are ready for drilling in coming weeks.



100 km by Road or Rail

Figure 1: Locations of Projects and Infrastructure in Tasmania

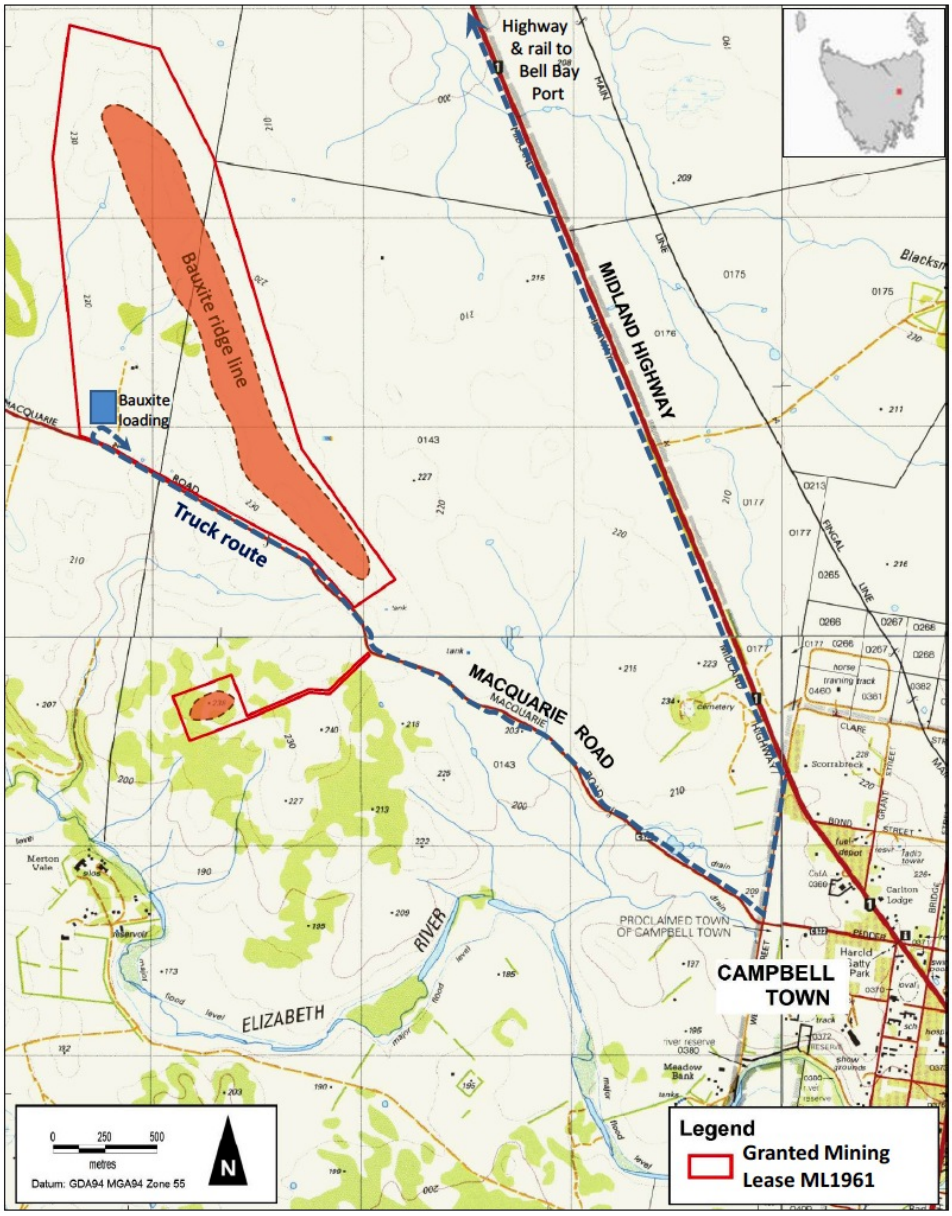


Figure 2:

Bald Hill Bauxite Project ML1961,

Campbell Town Tasmania, &

Transport Routes

Figure 3: Bald Hill Bauxite Project overview: haul roads, site office, ore mined on ridges (top left), hauled to stockpiles at screening site (top right). All topsoil has also been stockpiled for rapid rehabilitation of pit areas.

Figure 4: Mining, loading & hauling bauxite ore at Bald Hill Bauxite Project.
The bauxite is a surface layer of free-diggable rock up to 6 metres thick.
Coarser lumps of bauxite tend to be higher grade and upgrade by screening

Figure 5: Mining and grade control is supervised by Production Geologist, Karen Adams

Figure 6: Stockpiled bauxite at the screening site. Screening plant arrived at site 29 January to commence screening trials on 30 January. A second bauxite pit workings is in the distance (top centre). Because this second pit is high grade, it will be screened once the screening process has been optimised.

Figure 7: "Team Red" Management: Project Geologist and discoverer, Tamara Coyte, Exploration Manager Paul Glover, General Manager Rob Williams, Chief Operating Officer Leon Hawker and CEO Ian Levy, December 2014

Bauxite Market Commentary: Tonnages & prices strengthened during December

- 26% increased tonnage to 3.248 million tonnes, due to strong buying of Australian bauxite
- Prices CIF China averaged US$58.57 (A$71.40) per tonne, including cheap, wet Malaysian bauxite & cessation of expensive shipments from Ebola-affected West Africa which may recommence
- Australian bauxite prices exceeded US$60/t and Indian bauxite averaged US$62.72/t as India's new 20% export tax takes effect. Some Indian gibbsite bauxites are earning premium prices
- Very low shipping costs continue to mask the true strong underlying bauxite price trends
- Malaysian bauxite shipments may be curtailed due to a large ship being sunk due to liquefaction.

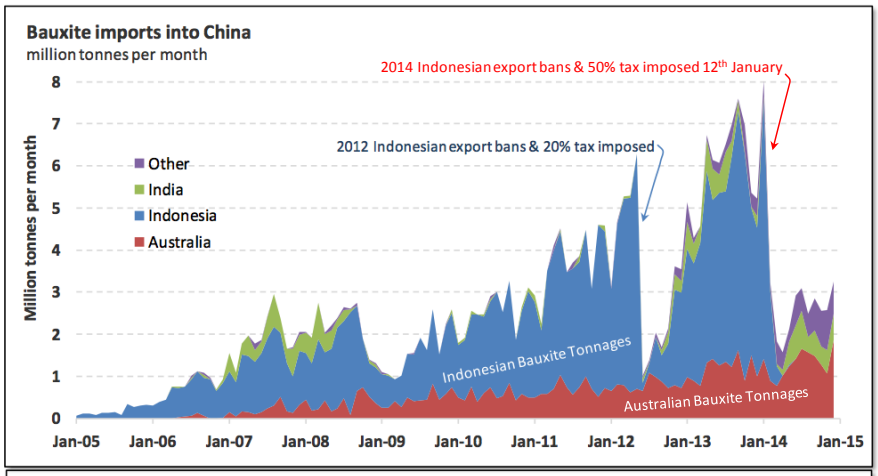


Figure 8

Bauxite imports into China in millions of tonnes per month

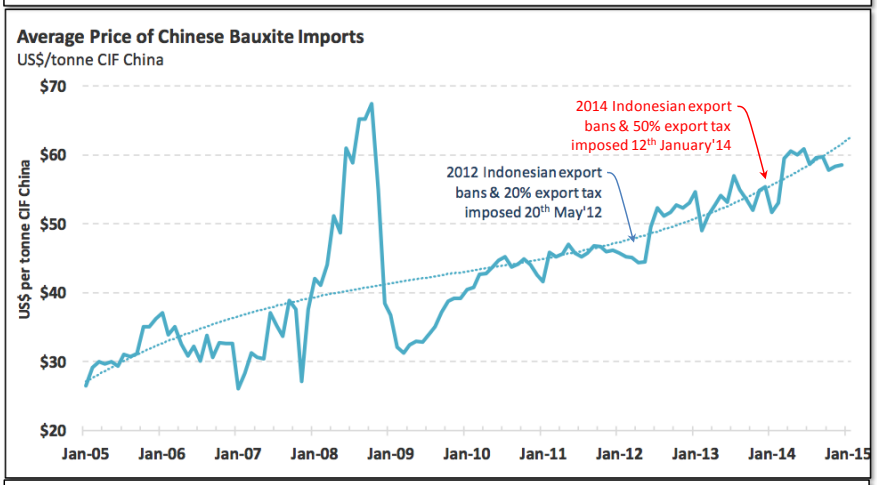


Figure 9

Average prices of bauxite imports into China in US$ per tonne

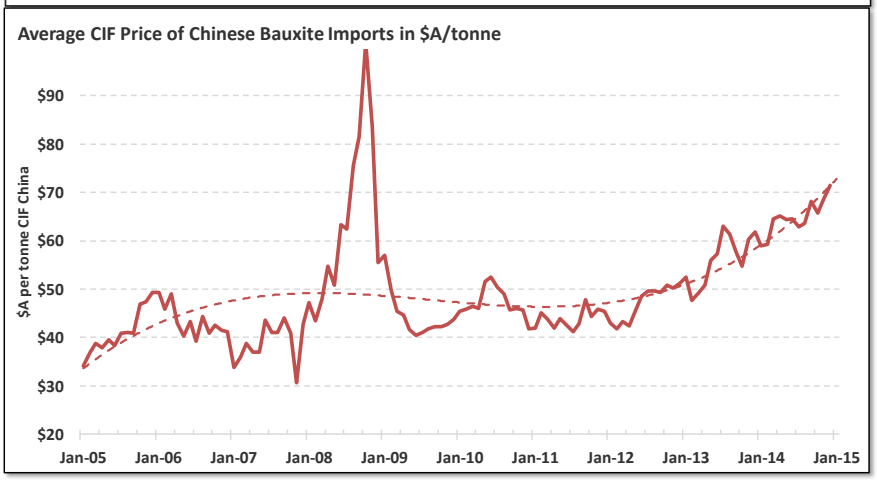


Figure 10

Average prices of bauxite imports into China in A$ per tonne

Source of data for Figures 8, 9 & 10: Chinese customs, Bloomberg, RBA

Indonesian: Bauxite shipments to China remained officially banned.

Australia: Rio sold a record 1.87Mt in December as China turned increasingly to Australia for supply

Indian: Export bauxite average prices rose 2% to US$62.72/t as India's 20% export duty takes effect. Some Indian gibbsite-trihydrate bauxite achieved higher prices – a benchmark for ABx bauxite. Since June 2014, Indian bauxite prices have risen 11% and there is still some price upside.

Short-Term Volatility Ahead – Indonesia is Holding Firm on Bans

Before Indonesia banned bauxite exports on 12 January 2015, China had stockpiled 12 month's supply of bauxite, some of which is low quality and kept for emergency use only. China's **useable** bauxite stockpile is lower than official figures suggest but there should be enough for most of 2105.

Malaysian bauxite from east coast Malaysia is of limited quantity and reportedly includes poor quality bauxite with more than 12.5% reactive silica. It becomes sloppy when wet, making it a dangerous shipping cargo. A large ship sank recently, allegedly due to liquefaction of the Malaysian bauxite cargo.

If the poor quality Malaysian bauxite cannot fill the short-term gaps in the supply of gibbsite bauxite and if China continues to avoid importing high-cost, high grade gibbsite bauxite from Western Africa, ABx hopes Indonesia will ease bans on bauxite exports so that ABx's Chinese customers, the low-temperature type of refineries, can expand production and buy more of ABx's bauxite in 2016 as a diversification of supply.

ABx predicted prices for its Indian-type bauxite to exceed US$60/t in 2015 and that happened in April'14. Alumina Limited predicts bauxite prices to reach US$80/t by 2019 as Chinese domestic supply and Malaysian supply are exhausted.

ABx is pleased that average bauxite prices rose 22% to A$71.40/tonne during 2014. We commenced mining bauxite at our Bald Hill mine in Tasmania on schedule, 9 December 2014.

Gibbsite Bauxite Demand Will Tighten Most

Gibbsite-rich bauxite like Indonesian, Indian and ABx bauxite, is premium-priced because it is "low-temperature" gibbsite-rich bauxite, often called THA or trihydrate bauxite. By comparison, Weipa bauxite is high-temperature, boehmite-rich bauxite, often called MHA monohydrate bauxite. Low-temperature refineries must use gibbsite bauxite to fully-achieve the cost benefits of the low-temperature refining process.

Gibbsite is an alumina trihydrate mineral which dissolves at 140°C in low-temperature alumina refineries (the lowest cost refineries) whilst the mineral boehmite is alumina monohydrate which dissolves at 240°C. Chinese domestic bauxite is diaspore which dissolves at 290° to 350°C in very high-temperature refineries. ABx bauxite is also valued for its low SiO_2 – a major contaminant problem for many bauxite suppliers.

Many of China's largest alumina refineries are low-temperature types of refineries, which until now, relied on imports of low-temperature gibbsite bauxite from Indonesia. In 2013 China imported 72 million tonnes of bauxite, of which 49 million tonnes or 68% came from Indonesia. In 2014, China imported only 54 million tonnes due to Indonesian bans on bauxite exports. China needs more than 65 million tonnes of imported bauxite now and more in future.

Chinese buyers want alternative suppliers and Australia is the logical new supplier country. ABx is the only new supplier of trihydrate gibbsite bauxite and ABx has been approached by all potential Chinese customers for shipments in coming months as ABx's first mine in Tasmania ramps up.

Australian Bauxite Limited plans to ship low temperature, gibbsite bauxite with low SiO2 commencing production in late December 2014, shipping in late Q1 2015, initially from its Tasmanian mines and eventually building a very large bauxite project in central QLD around its Binjour project, 115kms inland from Bundaberg.

ABx aspires to become the third largest single supplier of bauxite into China and will possibly also sell into India, the Middle East and Australia over the next 6 years, specialising in the gibbsite trihydrate bauxite market niche so as to not compete with Chinese domestic bauxite suppliers and to complement Rio Tinto's larger supplies of boehmite-rich bauxite from Weipa, QLD and good bauxite from Gove, NT.

ABx's emergence will help make Australia a reliable supplier of all types of bauxite for the seaborne bauxite trade in the Pacific Basin.

Tenement information required under LR 5.3.3.

Tenement No.	Location
New South Wales	
EL 6997	Inverell
EL 7361	Guyra
EL 7597	Merriwa - 2
EL 7950	Merriwa Extension
EL 7858	Stannifer
EL 8097	Coolah
EL 8130	Old Mill
EL 7269	Windellama
EL 7279	Wingello West
ELA 4038	Wingello Extended
EL 7357	Taralga
EL 7681	Taralga Extension
EL 7912	Taralga 3rd Ext
EL 7546	Penrose
EL 7986	Walla Mines
Queensland	
EPM 17790	Hampton
EPM 17830	Haden
EPM 17831	Hillgrove
EPM 18014	Binjour
EPM 18772	Binjour Extension
ML 80126	Toondoon ML
EPM 25146	Toondoon EPM
EPM 19390	Brovinia
EPMA 19427	Bronvinia 2
EPMA 25787	Harrami
Tasmania	
EL 4/2010	Evandale
EL 6/2010	Cleveland
EL 7/2010	Conara
EL 9/2010	Deloraine
EL 37/2010	Westbury
EL 3/2012	Ross
EL 12/2012	Scottsdale
EL 16/2012	Reedy Marsh
ML 1961 P/M	Bald Hill Bauxite
EL 18/ 2014^	Prosser's Road

Note:

^ Granted during the quarter

* Acquired during the quarter

Disposals

- EPM 19582 relinquished during the quarter
- EPM 19742 relinquished during the quarter

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

Qualifying statement

The information in this announcement that relate to Exploration Information is 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.

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 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.

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.

APPENDIX

Tasmanian Bauxite Product Definition Sheet

As at September 2014

Chemistry	Total Al_2O_3	39% to 45%
	Available Al_2O_3	36% to 39% at 143 degrees C digestion (low temperature)
	Total SiO_2	3% to 5%
	Reactive SiO_2	2.5% to 4.5% at 143 degrees C (low temperature)
	Fe_2O_3	23% to 28%
	TiO_2	3.3% to 4.2%
	LOI $_{1000}$	22% to 25% loss on ignition at +1,000 degrees C
Minerals	Gibbsite	~58% (trihydrate alumina THA)
	Boehmite	less than 1.8% (monohydrate alumina MHA)
	Clays	less than 8%
	Quartz	less than 2.5%
	Hematite	~14%
	Goethite*	~14%*
	Anatase	~4%
* Goethite has no negative impacts on		(1) settling rates of the mud; (2) overflow liquor clarities; (3) flocculent dosage rates; or (4) entrained Al_2O_3 (nil Al-entrainment in this goethite).
Moisture		10% or less in drier months
Sizing		90% passing 100mm & 90% + 7.5mm = coarse gravel
Organic Carbon		0.15% to 0.17%
Calcium		generally below detection: maximum 0.05% CaO
Caustic soda consumption:		120 to 125 kg NaOH per tonne alumina

Planned product

It is planned to screen the Tasmanian bauxite to achieve the following product for shipment:

Screened Bauxite Averaging	+40% total Al_2O_3 (minimum) & 4% total SiO_2 (maximum) 38% available Al_2O_3 & 3.5% reactive at 143°C digestion 8% to 10% moisture -100mm sizing in shipments up to 66,000 tonnes, all year Free of monohydrate, free of CaO, Independent QA assays
Bauxite to Alumina Ratio (BAR):	2.60 to 2.95 tonnes of bauxite per tonne alumina
Caustic soda consumption:	120 to 125 kg NaOH per tonne alumina Al_2O_3 at 143° low-temperature digestion.
Red Mud Loading (RML):	1.42 to 1.65 tonnes mud per tonne alumina Al_2O_3

Settling: Settling performance of red muds is good with low flocculent dosage required. Overflow clarities are generally good. Goethite has no negative impact on settling behaviour and has no entrained Al_2O_3.

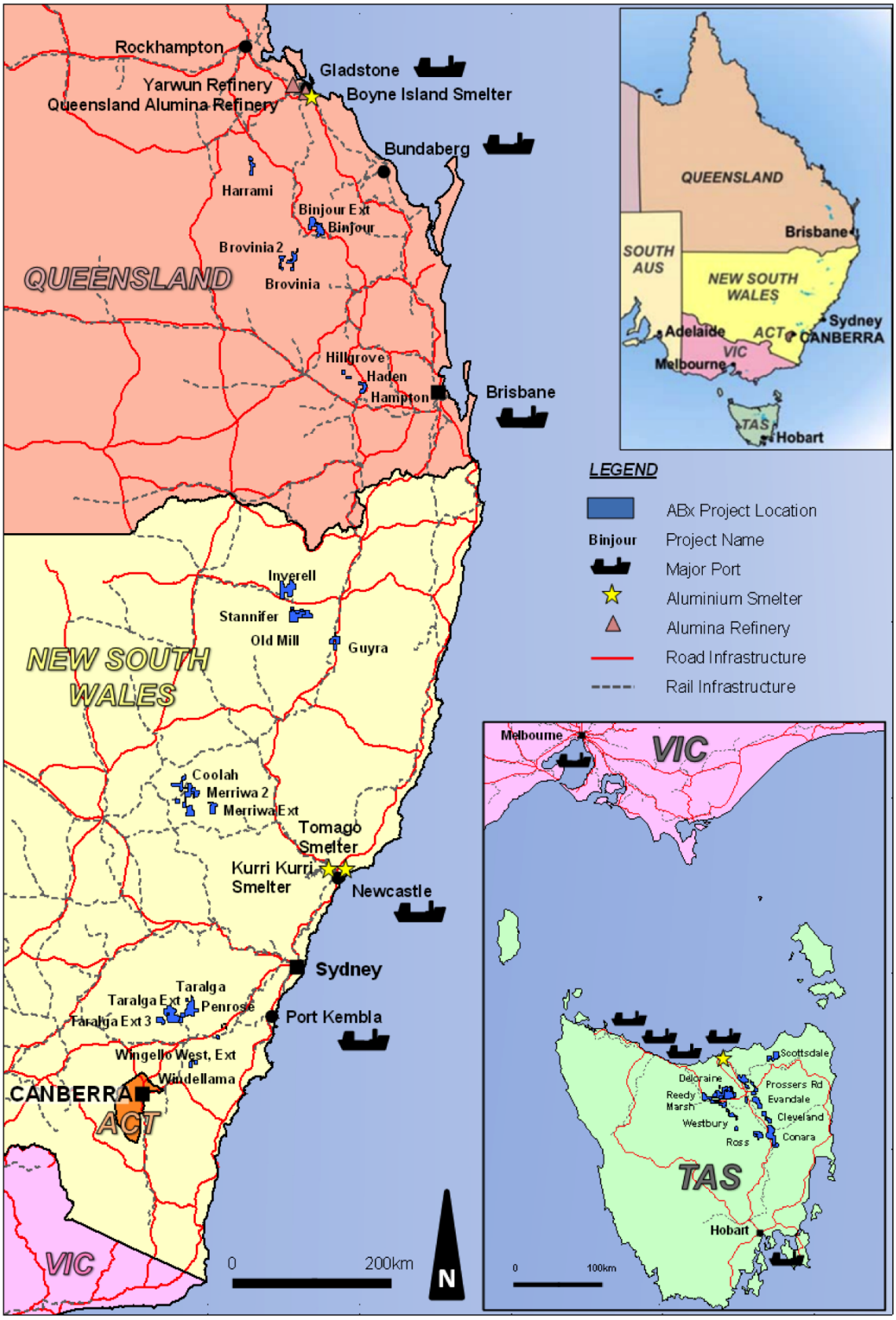


Figure 11: ABx Project Tenements and Major Infrastructure