



AUSTRALIAN BAUXITE LIMITED

MEMORANDUM

To: Leon Hawker

Date: 29 December 2013

From: Ian Levy

File: Tasmania, Approvals

BALD HILL BAUXITE RESOURCES BY PROPERTY

The following table summarises our latest resource figures for Bald Hill Bauxite Project. They are still being fine-tuned as a result of our 2013 Bulk Pit testwork which, by and large was disappointing.

Bald Hill is considered mineable if it can supply bulk tonnages of bauxite which can be upgraded by low-cost screening and blended with the higher grade Tasmanian bauxite deposits, most of which are located in the northern prospects, closer to Bell Bay.

Bald Hill was selected by Pitt & Sherry consultants as a project area that may be approved without significant socio-environmental obstacles. Even if the low-quality issues can be resolved (eg. by selective mining, screening & blending with bauxite from other high grade deposits), Bald Hill is located too far from Bell Bay Port to be economically exported at current market prices for bauxite and current transport costs. However, we believe the bauxite market will strengthen during mid-2014 and may remain so for a few years. We hope to introduce Bald Hill bauxite into the bauxite market during this once-only market opportunity and establish a niche market for all Tasmanian bauxite which is generally low-quality but may be suitable for some customers who are prepared to pay the extra costs of sourcing bauxite from Tasmania. If this new market niche is established, other small bauxite deposits may become economic.

Bald Hill Resource Summary as at December 2013

Pit or Deposit	Surface area (m2)	Surface Area (Ha)	Contained Resources (Tonnes)	Mineable Bauxite (Tonnes)	Grade Available Al ₂ O ₃ % Al ₂ O ₃ Avl
Rosedale					
RD1	14,278	1.43	89,000		25.1%
RD2	15,966	1.60	54,000		26.6%
RD3 North	17,991	1.80	60,000		27.0%
RD3 Central	15,336	1.53	144,000		24.7%
RD3 South	9,303	0.93	42,000		26.7%
RD4	8,928	0.89	26,000		24.2%
Subtotal Rosedale	81,802	8.18	415,000	406,739	25.5%
Meadowvale					
MB1	4,349	0.43	17,000		31.2%
MB2	21,323	2.13	130,000		26.5%
MB3	17,915	1.79	132,000		22.0%
MB4	73,874	7.39	504,000		27.2%
MB5	22,038	2.20	121,000		26.7%
MB6	9,695	0.97	64,000		30.7%
JB1	20,118	2.01	124,000		28.0%
Subtotal Meadowvale	169,312	16.93	1,092,000	1,070,261	26.8%
TOTAL BALD HILL	251,114	25.11	1,507,000	1,477,000	26.5%
Target export grade bauxite (by blending bauxite from several areas)					36.0%
Cut-off grades applied: Minimum 20% available Al ₂ O ₃ at 143 degrees, 1m thickness. Leach conditions for available alumina "Al ₂ O ₃ Avl" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins.					

AUSTRALIAN BAUXITE LIMITED

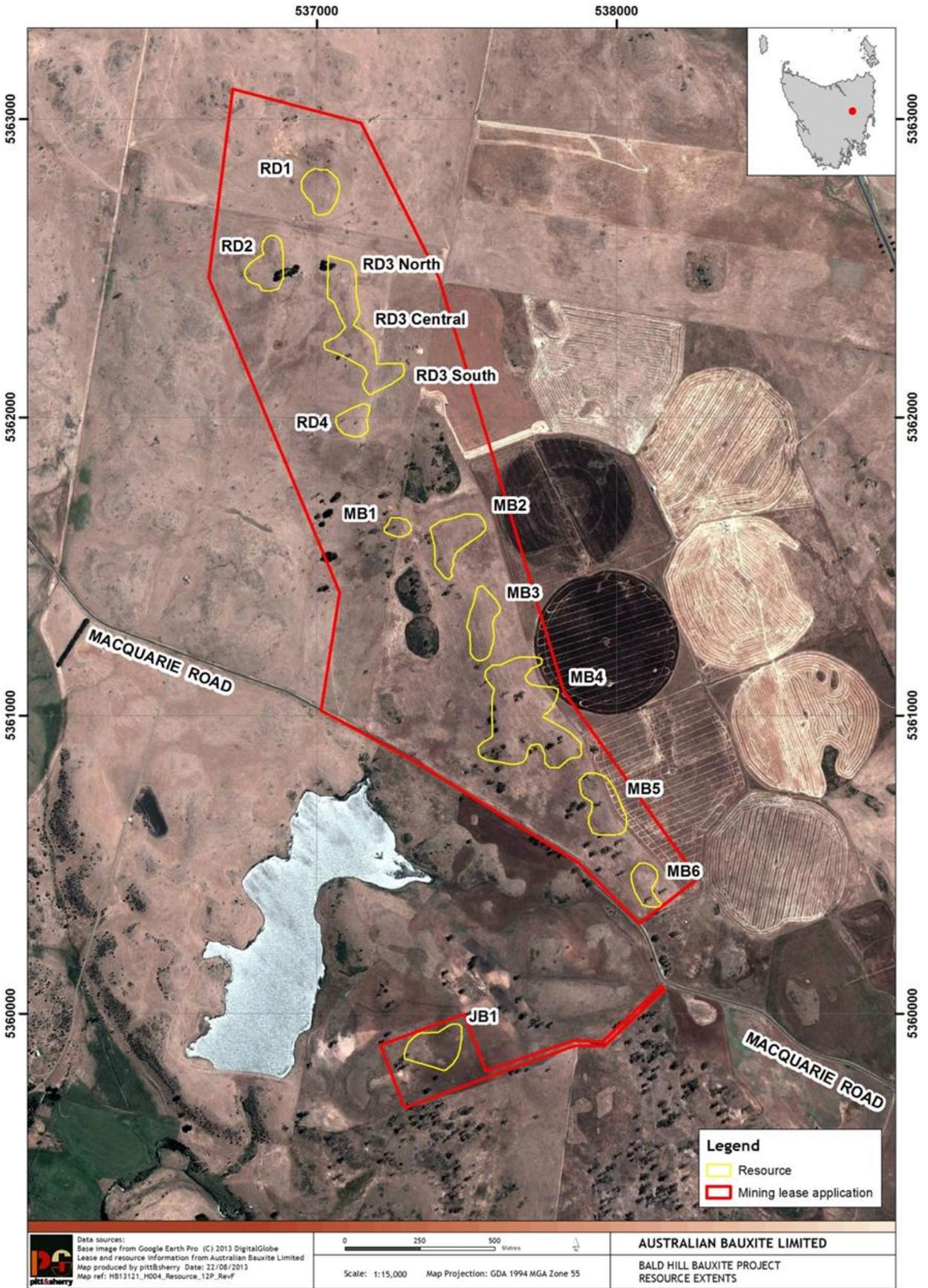
ABN 14 139 494 885

ASX : ABZ

Level 2 Hudson House 131 Macquarie St
Sydney NSW 2000 Australia

P: +61 2 9251 7177

F: +61 2 9251 7500



Deposit Locations

Ian Levy
CEO