



AUSTRALIAN BAUXITE LIMITED

ASX: ABX

6 October 2014

Anthony Ingegneri
Adviser, Listings (Sydney)
ASX Markets Supervision Pty Limited
20 Bridge Street
Sydney NSW 2000

By email: anthony.ingegneri@asx.com.au

Dear Mr Ingegneri,

In reply to your letter of 3 October 2014,

1. The Company is not aware of any information not previously announced to explain recent trading in the securities of the Company, other than the recent announcement of the grant of the Company's first mining lease in Tasmania (22 September 2014) and subsequent press and market commentary.
2. The Company is not able to offer any other explanation for the price change, other than:
 - a. it would appear that the increase in the share price of the Company coincides with commentary and buy recommendations by market commentators namely:
 - i. *The Motley Fool's* on 30 September 2014; and
 - ii. *Australian Small-Cap Investigator*, also on 30 September 2014.

A copy of these commentaries is available on request.

- b. On 30 September 2014, CEO, Ian Levy, presented at the Resources Rising Stars conference on the Gold Coast. The presentation was exceptionally well received and much interest was generated in the Company and its prospects.
- c. The Development Proposal and Environmental Management Plan was lodged with the Environmental Protection Agency and has been sent to local councils. It has been advertised and placed on public display for 28 days. Once this process is concluded, a Development Approval can be granted and operations can commence. **Operations are expected to commence late 2014.**
- d. The Company is engaged in negotiations with a number of parties with respect to finance arrangements with respect to the Bald Hill mine in Tasmania. These negotiations are well advanced and are being conducted on a confidential basis. Disclosure of details and the identity of the parties could detrimentally impact the outcome of the negotiations.

It would appear that the market may be responding to these factors.

3. For the abundance of caution, the Company requested, and was granted a trading halt, on Friday 3 October 2014 pending an update on the status of the Tasmanian Bauxite project.
4. To the best of its knowledge and belief, the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Yours sincerely

A handwritten signature in black ink, appearing to be 'H. Kinstlinger'.

Henry Kinstlinger
Company Secretary

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3 October 2014

Mr Henry Kinstlinger
Company Secretary
Australian Bauxite Limited
Level 2
131 Macquarie Street
Sydney NSW 2000

By email

Dear Mr Kinstlinger,

Australian Bauxite Limited (the “Company”): ASX price query

We have noted a change in the price of the Company’s securities from a low of 24.5 cents on Friday, 26 September 2014 to an intraday high of 29.5 cents at the time of writing today, Friday, 3 October 2014.

We also note an increase in the trading volumes of the Company’s securities.

In light of the price and volume increase, ASX asks you to respond separately to each of the following questions:

1. Is the Company aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is “yes”:
 - a) Is the Company relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Company’s securities would suggest to ASX that such information may have ceased to be confidential and therefore the Company may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.
 - b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).
 - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that the Company may have for the recent trading in its securities?
4. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading (ie before **9.30 a.m. AEDT, Monday, 6 October 2014**). If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Company's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to myself and Charlotte Hope by e-mail at anthony.ingegneri@asx.com.au and charlotte.hope@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Company to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Company's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Company's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Anthony Ingegneri

Senior Adviser, Listings Compliance (Sydney)