



**AUSTRALIAN BAUXITE LIMITED**  
ASX: ABZ

**ASX ANNOUNCEMENT**  
**13 August 2010**

## **Bauxite Drilling Progress and Strategy**

- **First pass drilling of QLD projects completed ahead of schedule**
- **At Binjour, central QLD, concealed bauxite layer discovered – good quality**
- **Bauxite deposit located at Haden, south-eastern QLD**
- **Initial laboratory results for Inverell & Pindaroi in northern NSW, plus Hampton and Binjour in QLD received**
- **Resource upgrade for Inverell has commenced on schedule, reporting late August**
- **First-pass drilling near Goulburn, southern NSW, intercepting bauxite in most holes**
- **Preparations for commercial discussions in September-December on track.**

Emerging bauxite exploration and development company, Australian Bauxite Limited (**ABx, ASX Code ABZ**) has successfully completed its first-pass drilling campaigns on all of its QLD projects and its second-pass drilling campaign at Inverell in northern NSW along with a first-pass exploratory drilling of Pindaroi near Inverell. Early laboratory results from orientation samples are reported here for Binjour, Inverell, Pindaroi and Hampton tenements. Results are considered satisfactory, and, in some places, better than expected. Drilling is continuing ahead of schedule in southern NSW near Goulburn with a high success rate.

At ABx's northernmost bauxite deposit at Binjour in central QLD, encouraging thicknesses of a concealed bauxite layer up to 15 metres thick were encountered and two-stages of drilling were completed in July. A thick bauxite layer has been discovered at Binjour with early assays indicating high qualities.

A new deposit averaging 3 to 5 metres thick has been discovered near Haden, 40km north of Toowoomba, south-eastern QLD but laboratory results are still awaited.

The drilling rig and crews have moved to the Goulburn area, southern NSW where application of improved geological understanding of these bauxite occurrences has led to a significant increase in the frequency of bauxite intercepts. Good thicknesses of bauxite up to 7 metres thick are being intersected in most drillholes. The consistency of the bauxite is impressive.

Resource estimations on the Inverell deposit have commenced in late July as scheduled and will be completed during August. The Department of Industry and Investment has approved a 780 hole drilling program at Inverell, following submission of a Review of Environmental Factors. The approval is for 3 years.

The drilling program is 4 months ahead of the original IPO schedule and may end the calendar year 6 months ahead of the original 2009 IPO schedule.

ABx CEO, Ian Levy said; "This is the most aggressive and successful exploratory drill program I've seen. The ABx exploration team is achieving rapid discovery rates and a massive increase in geological knowledge about this large, new bauxite province that ABx has discovered over 1,400 kms from central Queensland to Tasmania.

"In March 2010, we told shareholders we wanted to accelerate exploration and our team has already delivered on that promise. We could be drilling our exciting Tasmanian deposits before year-end, thus completing a first-pass evaluation of all our projects 6 months ahead of schedule."

### **INITIAL COMMERCIAL PRESENTATIONS**

ABx plans to present initial results from several bauxite projects to potential customers and/or partners, commencing in September. Opportunities for project advancements may arise from these initial presentations but the detailed review of several projects will also help ABx to identify its projects with the highest potential for early development and production.

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**BINJOUR EPM 18014**  
**170km SW of Bundaberg QLD**

Holes drilled: 115  
Holes with bauxite: 90 (78% hit rate)  
Average bauxite thickness: 6.3 metres (up to 15 metres)  
Bauxite Grades to date from initial holes sent for early analysis:



Hole	From m	To m	Metres m	Sieved at 0.26mm								Recovery % +0.26mm
				Al2O3avl %	Rx SiO2 %	aA/Sx	Al2O3 %	SiO2 %	A/S	Fe2O3 %	LOI %	
BJ033	10	19	9	50.5	1.2	50.5	53.1	1.3	47.9	13.1	29.2	60
BJ006	7	12	5	38.7	1.2	38.0	41.4	1.5	31.2	29.6	23.6	71
BJ057	6	11	5	32.7	4.0	9.1	39.1	4.5	9.7	30.4	22.2	71
BJ009	9	12	3	23.0	5.0	5.2	30.0	5.9	5.6	42.3	17.9	62
BJ015	11	13	2	28.9	6.9	4.4	38.4	7.8	5.1	26.7	21.2	56

\* Leach conditions to measure available Avl Al<sub>2</sub>O<sub>3</sub> & reactive SiO<sub>2</sub> rx were 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins.  
"aA/Sx" ratio is (Available Al<sub>2</sub>O<sub>3</sub>)/(Reactive SiO<sub>2</sub>). "A/S" ratio is (Total Al<sub>2</sub>O<sub>3</sub>)/(Total SiO<sub>2</sub>). Values above 10 are excellent

During exploration, an area of several square kilometres was discovered on the Binjour plateau that has a good quality bauxite layer concealed beneath a soft, free-digging overburden layer. Holes BJ 033, 006 and 057 are from that area which will be investigated in subsequent drilling. Several hundred laboratory results are pending from other holes.

Bauxite at Binjour is unexpectedly extensive over a wide and diverse area, thus justifying the expansion in drilling strategy to begin mapping out the thicker zones and zones of better grades. Several new targets are now being investigated so as to better define drilling targets for 2011.

**HAMPTON EPM 17790**  
**20km N of Toowoomba QLD**

Holes drilled: 136  
Holes with bauxite: 56 (41% hit rate)  
Average bauxite thickness: 5.9 metres (up to 13 metres)



Bauxite Grades to date from initial holes sent for early analysis:

Hole	From m	To m	Metres m	Sieved at 0.26mm							Recovery %	
				Al2O3avl %	Rx SiO2 %	aA/Sx	Al2O3 %	SiO2 %	A/S	Fe2O3 %	LOI %	+0.26mm
HM036	0	8	8	35.1	4.5	13.4	42.6	5.6	11.8	24.4	22.5	51
HM042	1	4	3	32.5	4.1	8.7	39.6	5.1	8.1	28.2	20.9	40
HM002	1	3	2	34.8	5.4	6.6	41.3	6.5	6.4	26.7	19.7	49
HM003	1	12	11	32.2	4.9	8.3	39.4	5.9	7.9	28.4	20.1	36
HM035	0	9	9	32.5	5.5	8.6	40.4	6.4	7.9	27.4	20.5	51
HM041	1	9	8	35.3	3.3	18.8	41.5	4.0	14.3	27.2	22.2	62

\* Leach conditions to measure available Avl Al<sub>2</sub>O<sub>3</sub> & reactive SiO<sub>2</sub> rx were 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins.  
"aA/Sx" ratio is (Available Al<sub>2</sub>O<sub>3</sub>)/(Reactive SiO<sub>2</sub>). "A/S" ratio is (Total Al<sub>2</sub>O<sub>3</sub>)/(Total SiO<sub>2</sub>). Values above 10 are excellent

These early results come from the Pechey deposit only. The Geham deposit, located south of Pechey is a relatively consistent bauxite layer whilst Pechey deposit has two layers of bauxite. Laboratory results are awaited from this program and assessments of results will commence later in August.

#### HADEN EPM 17830 40km N of Toowoomba QLD

A new deposit colloquially called "Steam Engine" has recently been discovered near Haden, 15kms to the northwest of the Pechey-Geham deposits at Hampton. The new deposit averages 3 to 5 metres thick and appears a consistent style of bauxite, more akin to Inverell bauxite than to Hampton styled bauxite.

Holes drilled: 39  
Holes with bauxite: 23 (59% hit rate)  
Average bauxite thickness: 4.4 metres (up to 9 metres)

Bauxite Grades from initial holes sent for early analysis are still awaited. The deposit extends over a wide area and will be explored by surface mapping prior to its next phase of drilling.



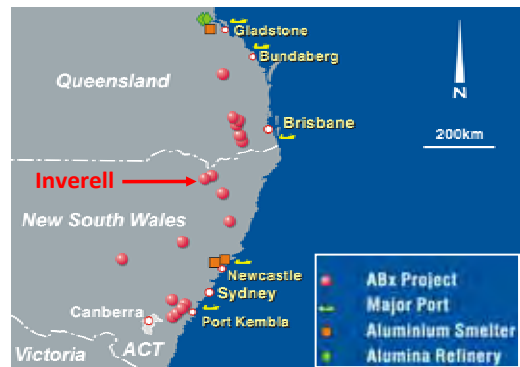
#### HILLGROVE EPM 17831, RED HILL EPM 17800, RED HILL SOUTH EPM 17801 North and South of Toowoomba QLD

A combined 20 holes were drilled on these 3 tenement, of which, 13 holes intersected bauxite. Average thickness is between 2.75 and 4 metres with a maximum of 4 metres. Laboratory results are pending.

#### INVERELL EL 6997 10km N of Inverell, northern NSW

Holes drilled: 162  
Holes with bauxite: 115 (71% hit rate)  
Average bauxite thickness: 4.8 metres (up to 9.4 metres)

Bauxite Grades to date from initial holes sent for early analysis:



Hole	From m	To m	Metres m	Sieved at 0.26mm								Recovery % +0.26mm
				Al <sub>2</sub> O <sub>3</sub> avl %	Rx SiO <sub>2</sub> %	aA/Sx	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %	A/S	Fe <sub>2</sub> O <sub>3</sub> %	LOI %	
NR202	0	5	5	39.8	2.4	17.2	44.8	3.5	13.2	23.6	24.6	47
NR215	0	9	9	34.2	4.9	9.0	39.7	6.9	7.8	28.5	20.1	47
NR221	0	6	6	30.1	2.4	19.9	37.0	4.0	15.0	34.5	19.6	59
NR225	0	7	7	35.5	3.8	16.3	41.0	4.4	14.0	27.8	22.7	66
NR232	0	8	8	36.6	1.7	24.2	40.5	2.3	19.1	29.1	23.6	63
NR321	0	5	5	32.6	2.9	11.3	36.9	4.1	8.9	31.1	23.2	58
NR337	0	5	5	32.4	2.2	17.6	36.5	3.2	12.4	33.0	22.5	59
NR342	3	6	3	30.3	3.9	7.9	35.1	4.7	7.5	32.6	22.0	71
NR338	0	4	4	24.6	2.7	10.9	29.1	4.0	7.5	43.3	19.8	50

\* Leach conditions to measure available Avl Al<sub>2</sub>O<sub>3</sub> & reactive SiO<sub>2</sub> rx were 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins.  
"aA/Sx" ratio is (Available Al<sub>2</sub>O<sub>3</sub>)/(Reactive SiO<sub>2</sub>). "A/S" ratio is (Total Al<sub>2</sub>O<sub>3</sub>)/(Total SiO<sub>2</sub>). Values above 10 are excellent

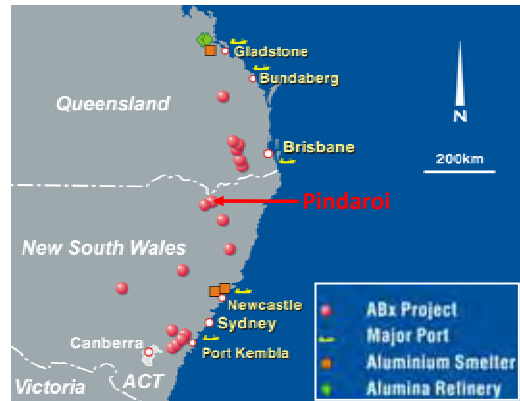
These results come mainly from a portion of the central part of the main Inverell deposit and are consistent with the results used for estimation of the 22 million tonne Maiden Resource that was announced in February 2010,

which was based on 118 drillholes drilled in 2009 in a portion of the southern part of that main Inverell deposit. The combined areas drilled to date represent less than 15% of known bauxite deposits in the Inverell tenement.

The Inverell deposit is extensive and remarkably consistent. Resource estimation upgrade work commenced in late July for the newly drilled parts of the deposit.

**PINDAROI EL 7268**  
**15km NE of Inverell, northern NSW**

Holes drilled: 18  
Holes with bauxite: 12 (67% hit rate)  
Average bauxite thickness: 5.9 metres (up to 12 metres)  
Bauxite Grades to date from initial holes sent for early analysis:



Hole	From m	To m	Metres m	Sieved at 0.26mm							Recovery %	
				Al2O3avl %	Rx SiO2 %	aA/Sx	Al2O3 %	SiO2 %	A/S	Fe2O3 %	LOI %	+0.26mm
PR005	0	5	5	26.6	7.3	3.7	36.1	8.6	4.2	29.4	21.0	72
PR013	0	10	10	30.9	5.4	6.9	38.8	6.4	7.0	27.4	21.9	67
PR015	0	5	5	36.3	5.1	8.2	42.8	5.7	8.4	23.4	23.5	61

\* Leach conditions to measure available Avl Al<sub>2</sub>O<sub>3</sub> & reactive SiO<sub>2</sub> rx were 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins.  
"aA/Sx" ratio is (Available Al<sub>2</sub>O<sub>3</sub>)/(Reactive SiO<sub>2</sub>). "A/S" ratio is (Total Al<sub>2</sub>O<sub>3</sub>)/(Total SiO<sub>2</sub>). Values above 10 are excellent

Pindaroi was drilled to confirm the observation that extensive surface areas of bauxite extended to depth. The results from this preliminary first-pass drilling has confirmed that.

Follow-up, second-pass drilling will be carried out during 2011.

**WINDELLAMA EL 7269**  
**25km S of Goulburn, southern NSW**

Holes drilled: 58  
Holes with bauxite: 47 (81% hit rate)  
Average bauxite thickness: 3.3 metres (up to 7 metres)  
Bauxite Grades from these holes are still awaited.



This drilling was done quite recently during late July, early August. The improved hit rates reflect the improved geological knowledge and resulting confidence in being able to identify these types of bauxite deposits.

Sampling of the Windellama bauxite deposits during 2009 returned encouraging grades. These deposits are adjacent to an operating rail line that carried mineral products for several decades to Port Kembla for export.



## TARALGA EL 7269 30km N of Goulburn, southern NSW

Holes drilled: 36  
Holes with bauxite: 32 (89% hit rate)  
Average bauxite thickness: 4.0 metres (up to 6 metres)  
Bauxite Grades from these holes are still awaited.



This drilling is still in progress during early August. The improved hit rates reflect the improved geological knowledge and resulting confidence in being able to identify these types of bauxite deposits.

### COMMENT ON LAND ACCESS

This major bauxite drilling program is proceeding without interruption and with a 100% approval by landholders of the post-drilling site rectification work done by the ABx field crew. Landholder support has been positive in all areas, which has been gratefully acknowledged by ABx in local media, including the statement that; "We pride ourselves in our dealings with landowners and we will become good corporate citizens in any region we work in."

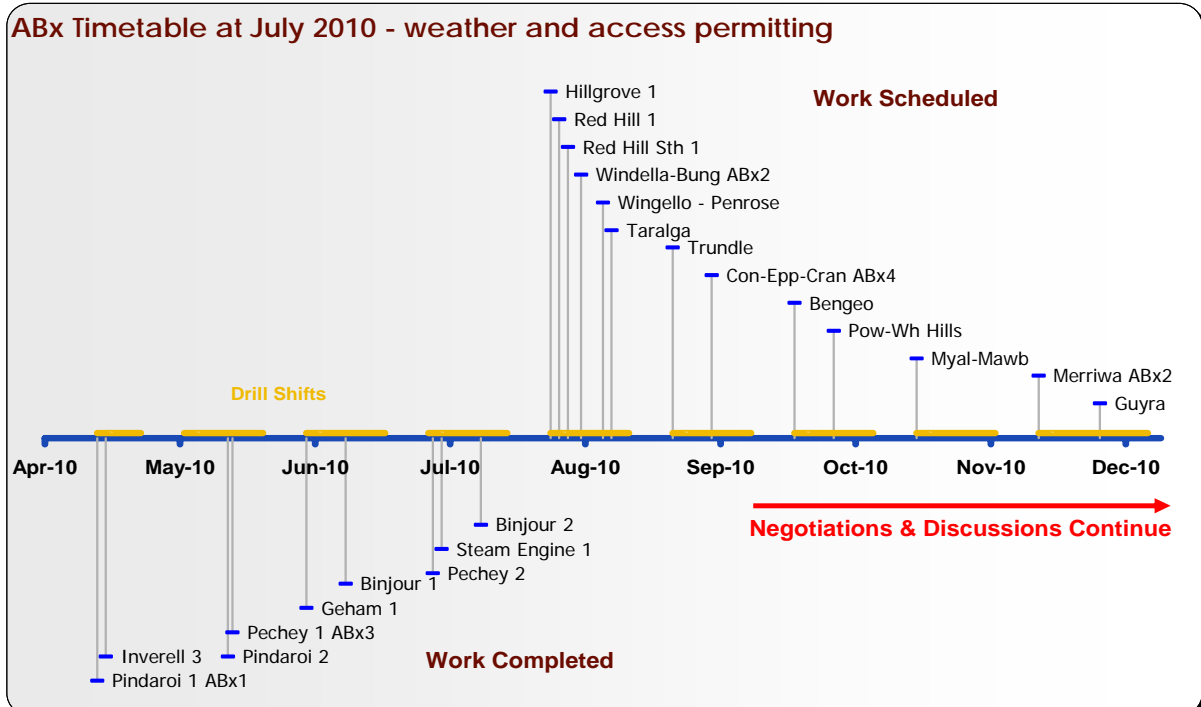
Because ABx is not limited to one or two project areas it is able to avoid land access risks such as native title, local landholder resistance or environmental legislation.

### COMMENT ON DRILLING PROGRESS

The drilling program is proceeding well ahead of schedule and results are generally in line with expectations and in some places, better than expected. If progress continues at the current pace, ABx could complete its first-pass evaluation of all project areas by year-end which is 6 months ahead of the original schedule as at the time of the Initial Public Offering (IPO) for ABx in December 2009.

Drill spacing's remain variable – typically spaced up to 300 metres apart across continuous bauxite zones and closer spaced where better material was located in the initial drilling. In places, holes have been approximately 100 metres apart to assess the continuity of the bauxite thickness and grades.

The planned drilling schedule is shown below.







**Project Geologist Tamara Coyte drilling at Inverell, NSW**



**Drilling at Pechey plateau, Hampton QLD**

#### **About Australian Bauxite Limited: ASX Code ABZ**

Australian Bauxite Limited (**ABx**) holds the core of the newly discovered Eastern Australian Bauxite Province. Its 29 bauxite tenements in Queensland, NSW and Tasmania covering 7,039 km<sup>2</sup> were rigorously selected on 3 principles:

1. good quality bauxite;
2. proximity to infrastructure connected to export ports; and,
3. free of socio-environmental or native title land constraints.

All tenements are 100% owned and free of obligations for processing and third-party royalties. ABx has already discovered many bauxite deposits and new discoveries are still being made as knowledge and expertise grows.

The company's bauxite is high quality and can be processed into alumina at low temperature – the type that is in short-supply globally. At the company's first drilling prospect in Inverell, northern NSW, a maiden resource of 22 million tonnes has been reported from drilling 10% of the area prospective for bauxite. Australian Bauxite Limited aspires to identify bauxite resources in excess of 200 million tonnes in 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. The ABx discoveries of bauxite in Tasmania are yet to be evaluated by drilling but bauxite is confirmed to extend over relatively large areas.

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#### **Qualifying statement**

The information in this announcement that relate to Exploration Information 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 are directors 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 2004 Edition of the Australasian Code for Reporting of exploration Results, Mineral Resources and Ore Resources. Mr Rebek and Mr Levy have consented in writing to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.



ABx Project Tenements and major infrastructure