



AUSTRALIAN **BAUXITE** LIMITED

ASX: ABZ

ASX ANNOUNCEMENT

28 June 2011

High Grade “Brown Sugar” Bauxite Discovery at Guyra, NSW Progress and Strategy Update

- 63 holes intersected high quality thick bauxite at Guyra, Northern NSW
- The discovery of this concealed bauxite layer confirms that the company’s exploration knowledge is advancing significantly across all projects
- Exceptionally high quality intercepts show that the Guyra bauxite layer may contain large tonnages of superior quality bauxite suitable for sweetening circuits in refineries
- Guyra lies immediately adjacent to a major rail line and may be a co-development with the company’s large Inverell bauxite deposit.
- Resource estimation of a maiden resource at Guyra is now being assessed

Emerging bauxite exploration and development company, Australian Bauxite Limited (ABx, ASX Code ABZ) has received laboratory results from drilling at its Guyra project in NSW (see Figure 1).

63 holes intersected a thick layer of bauxite located beneath a thin clay horizon, including some exceptionally high grade, thick gibbsite bauxite, ideal as a “sweetener” to any bauxite refinery. Complete results are listed in the Appendix and averaged in Table 1 as follows:

Table 1: Summary of 63 Drillhole Intercepts at Guyra, Northern NSW

Hole No	From m	To m	Length m	Yield % wt	Al ₂ O ₃ avl %	Rx SiO ₂ %	Avl/Rx ratio	Al ₂ O ₃ %	SiO ₂ %	A/S ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %
Average all holes	4.6	9.4	4.8	59%	36.6	2.2	16.5	42.7	2.8	15.3	24.7	3.7	24.0
Strip ratio (waste/ore)			1.0										
Best 25 holes	4.2	11.0	6.6	59%	38.2	1.9	19.8	43.5	2.5	17.6	24.5	3.9	24.3
Strip ratio (waste/ore)			0.6										

Leach conditions to measure available Al₂O₃avl & reactive Rx SiO₂ is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Rx" ratio is (Al₂O₃ avl)/(Rx SiO₂). Values above 10 are excellent. "A/S" ratio is Al₂O₃/SiO₂. Yield is for screening at 0.26mm. If a different beneficiation method is used, yield will be different. Tonnages requiring no upgrade will have 100% yield.

Australian Bauxite CEO Ian Levy said; “This is our 2nd discovery of premium quality bauxite concealed under a thin clay layer. We hope to find a lot more.

“We may be able to sell large tonnages to bauxite-alumina refineries needing “sweetener” bauxite that processes at low temperature and has very low reactive silica contents.

“We’ve called this bauxite type “Brown Sugar” bauxite – sweet and greatly sort after. It may become a brand name in the industry one day.

“Being next to rail may help the Inverell-Guyra project get started early.”

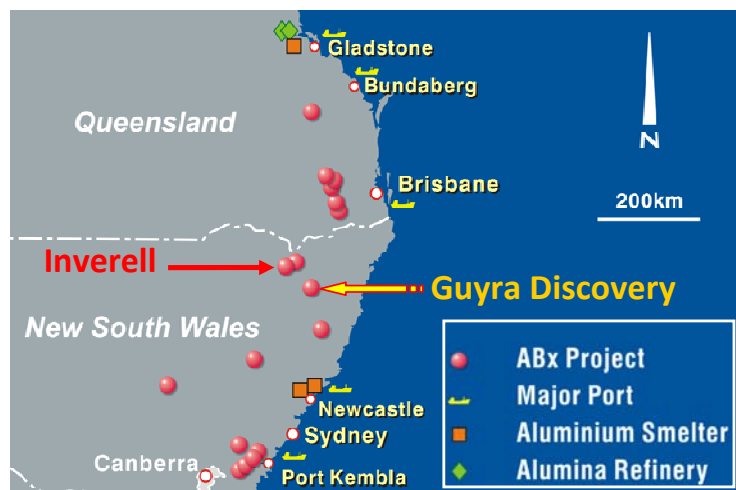


Figure 1: Location

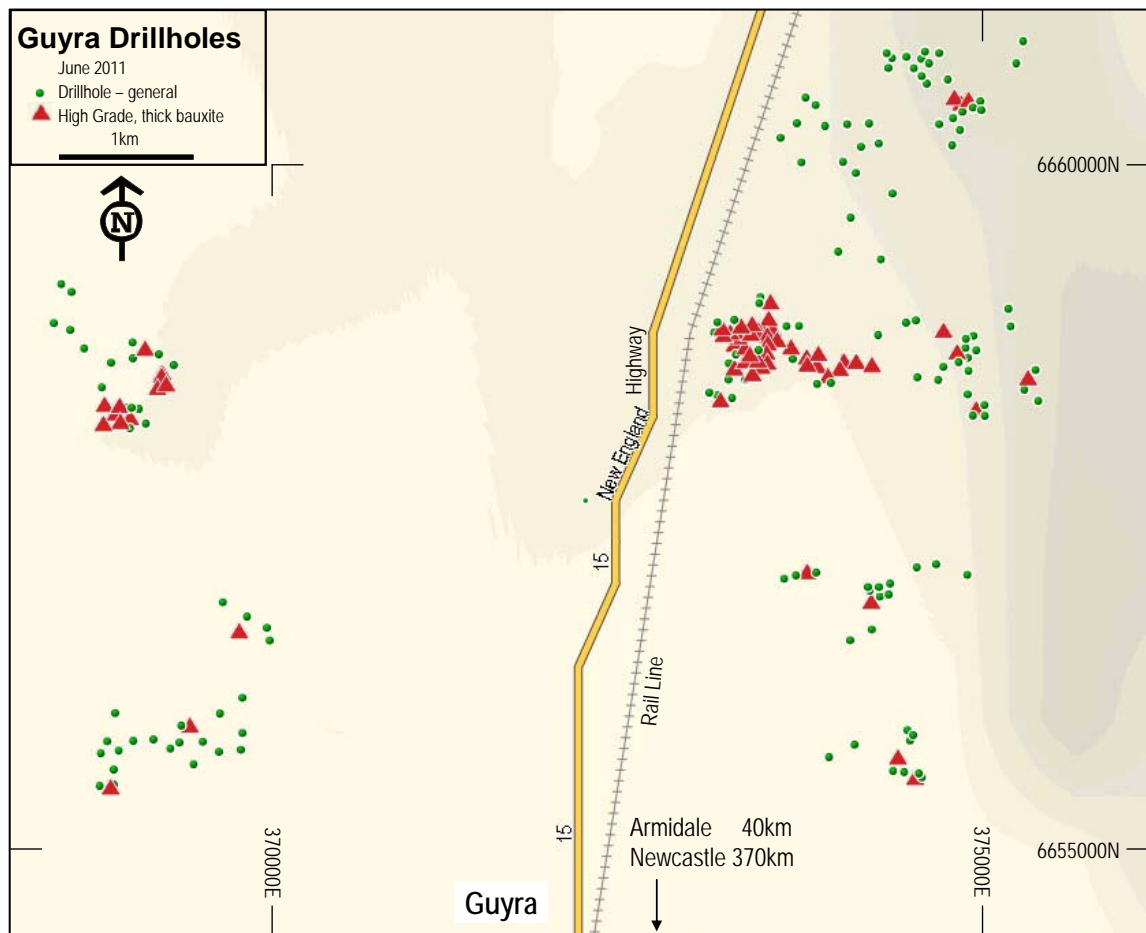
AUSTRALIAN **BAUXITE** LIMITED

ACN 139 494 885

Level 2 Hudson House 131 Macquarie Street Sydney NSW 2000

P: +61 2 9251 7177 F: +61 2 9251 7500 E: corporate@australianbauxite.com.au

Figure 2: Guyra Drillhole Locations



Logistical Setting

The best part of the bauxite discovered to date is immediately adjacent the standard gauge rail line connecting Guyra to Armidale, Werris Creek and thence to the heavy-duty rail to Newcastle minerals export port. Operations of the Guyra-Armidale rail has recently been suspended but the rail line is still in good condition, having recently been used for transportation of logging products.

Review of Environmental Factors

A Review of Environmental Factors (REF) has been submitted to the Department of Industry and Investment and is currently under consideration.

Resource Estimation Underway

Good continuity of bauxite qualities and thickness in places may lead to a maiden resource estimation, albeit based on only partial drilling of deposit zones that are still open and likely to be extended in coming months.

Further Work Planned

The bauxite deposit is open in many locations and many other deposits have been identified. Follow-up drilling of the Guyra discovery is being scheduled over the coming months in line with the REF.



APPENDIX: BAUXITE INTERCEPTS

Hole No	Northing	Easting	From m	To m	Length m	Yield % wt	Leach 143degC Analyses			Total Analyses for Sieved at 0.26mm					
							Al ₂ O ₃ avl %	Rx SiO ₂ %	Avl/Rx ratio	Al ₂ O ₃ %	SiO ₂ %	A/S ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %
GY055	6656563	369762	0.0	3.0	3.0	65%	28.7	3.4	8.5	36.9	4.4	8.3	30.8	4.4	21.2
GY064	6655872	369420	1.5	5.0	3.5	59%	27.1	1.4	19.8	33.5	1.7	19.2	20.7	3.3	18.2
GY076	6655415	368864	3.0	6.0	3.0	37%	31.9	3.9	8.2	39.5	4.4	9.0	26.8	4.3	22.8
GY132	6658615	369070	0.0	6.0	6.0	61%	39.8	2.0	20.0	43.7	2.6	17.0	24.4	3.5	24.7
GY135	6658203	368788	2.0	4.0	2.0	35%	41.4	2.9	14.1	45.2	3.8	11.9	22.0	2.2	26.0
GY136	6658149	368863	0.0	5.0	5.0	56%	27.3	2.8	9.8	32.3	3.4	9.5	18.7	2.2	17.7
GY138	6658109	368970	6.0	10.0	4.0	66%	31.3	3.1	10.0	49.9	3.7	13.6	21.0	2.7	21.7
GY141	6658142	368867	0.0	4.0	4.0	67%	40.2	3.4	11.9	46.6	4.2	11.0	20.7	3.1	24.3
GY142	6658196	368894	8.0	12.0	4.0	70%	37.0	2.9	12.6	46.5	3.5	13.4	21.8	2.8	24.4
GY144	6658033	368968	1.0	3.0	2.0	48%	41.1	6.1	6.7	48.6	7.3	6.7	14.5	2.8	26.0
GY145	6658081	368902	0.0	5.0	5.0	71%	44.0	2.5	17.5	48.4	3.2	15.3	18.4	3.3	25.8
GY146	6658063	368781	3.0	7.0	4.0	71%	35.8	6.7	5.3	45.2	7.1	6.4	18.8	3.0	24.7
GY149	6658441	369193	6.0	8.0	2.0	48%	35.9	3.4	10.7	44.8	4.0	11.1	22.7	3.6	23.8
GY150	6658419	369189	1.0	3.0	2.0	62%	36.6	2.6	14.1	42.0	3.0	14.0	25.8	4.1	23.9
GY151	6658331	369161	1.0	4.0	3.0	66%	38.6	2.3	16.8	44.1	3.2	13.6	23.6	2.9	24.8
GY152	6658357	369223	10.0	12.0	2.0	61%	30.9	2.0	15.4	39.1	2.4	16.1	26.1	2.8	26.5
GY162	6658608	373760	0.0	5.0	5.0	71%	37.6	1.9	19.9	41.9	2.5	16.7	25.5	3.9	24.6
GY164	6658546	373835	0.0	10.0	8.0	75%	37.3	1.9	19.2	43.2	2.4	18.3	24.6	4.5	24.1
GY165	6658582	374023	2.0	10.0	8.0	60%	39.8	1.0	41.6	42.8	1.4	31.4	26.3	3.7	24.4
GY166	6658579	374111	5.0	11.0	6.0	61%	36.1	1.7	20.8	40.6	2.3	17.3	29.1	3.5	22.8
GY167	6658556	374223	15.0	22.0	7.0	67%	34.8	4.2	8.2	41.4	5.0	8.3	24.9	4.1	23.4
GY168	6658633	373842	0.0	8.0	8.0	77%	34.7	2.6	13.6	39.5	3.1	12.9	28.6	3.9	23.5
GY171	6658525	373996	6.0	11.0	5.0	74%	31.7	1.9	16.6	37.3	2.5	14.8	32.8	3.7	22.0
GY172	6658472	373912	6.0	14.0	8.0	66%	34.3	2.2	15.3	40.4	2.8	14.4	28.2	3.7	23.4
GY175	6658555	373764	2.0	7.0	5.0	76%	39.3	1.8	21.5	44.6	2.3	19.3	23.3	3.8	24.9
GY176	6658678	373648	1.0	7.0	6.0	54%	34.3	1.7	20.7	40.0	2.5	16.1	28.7	4.1	23.2
GY179	6658807	373514	0.0	4.0	4.0	59%	39.2	1.1	34.4	43.4	1.8	24.4	25.1	4.0	24.4
GY180	6658798	373453	5.0	8.0	3.0	71%	29.2	1.9	15.2	36.6	2.4	15.4	32.4	4.7	22.1
GY181	6658884	373487	1.0	10.0	9.0	55%	38.2	1.2	30.7	43.4	1.7	25.0	24.6	3.9	24.6
GY182	6659006	373499	7.0	10.0	3.0	52%	32.7	2.5	13.3	38.0	3.3	11.7	30.1	3.0	23.6
GY185	6658802	373414	6.0	11.0	5.0	54%	41.2	1.5	28.4	44.4	1.7	25.4	23.4	3.7	25.3
GY186	6658764	373479	0.0	8.0	8.0	47%	41.1	1.5	27.2	45.5	1.9	24.4	21.7	3.9	25.8
GY187	6658731	373549	0.0	2.0	2.0	49%	28.8	2.0	14.4	33.9	3.1	10.8	38.1	3.0	20.0
GY188	6658706	373483	0.0	8.0	7.0	56%	41.3	1.2	35.7	45.2	1.6	28.4	22.2	3.9	25.7
GY189	6658638	373475	8.0	11.0	3.0	44%	29.7	2.5	11.7	39.3	3.1	12.5	29.1	4.2	22.5
GY190	6658566	373482	6.0	13.0	7.0	45%	38.3	1.5	25.7	43.3	2.1	21.0	25.4	3.5	24.4
GY191	6658535	373440	7.0	13.0	6.0	49%	30.8	2.2	14.2	42.1	2.8	15.2	27.9	3.7	22.1
GY208	6658287	373152	13.0	15.0	2.0	48%	35.5	2.5	14.3	41.1	3.1	13.2	27.0	3.1	24.1
GY213	6658694	373246	2.0	10.0	8.0	42%	40.8	2.4	16.7	45.4	2.9	15.7	21.5	3.8	25.4
GY214	6658482	373376	1.0	5.0	4.0	68%	39.8	2.2	18.5	44.7	2.7	16.5	22.4	4.0	25.1
GY215	6658522	373248	9.0	16.0	7.0	57%	35.0	2.2	16.0	41.0	2.8	14.7	27.3	4.3	23.4
GY216	6658575	373322	1.0	3.0	2.0	51%	35.4	1.7	20.3	39.8	3.2	12.6	28.5	3.0	23.5
GY217	6658582	373414	7.0	11.0	4.0	66%	32.1	2.3	13.9	40.5	2.8	14.5	28.6	4.0	22.6
GY219	6658674	373325	1.0	5.0	4.0	59%	37.5	3.1	12.0	43.4	3.7	11.9	22.9	3.7	25.0
GY220	6658623	373358	1.0	6.0	5.0	61%	38.0	1.8	20.7	42.7	2.3	18.8	25.4	4.3	24.1
GY222	6658751	373275	6.0	12.0	6.0	57%	42.5	1.7	25.5	47.4	2.7	17.8	20.9	3.9	24.1
GY223	6658774	373361	5.0	12.0	7.0	66%	39.4	1.6	24.3	47.0	2.1	22.5	21.1	3.6	24.9
GY224	6658844	373371	5.0	14.0	9.0	49%	41.4	1.7	23.9	46.5	2.0	23.1	20.2	3.7	26.3
GY225	6658781	373216	21.0	23.0	2.0	46%	36.7	2.8	13.1	45.0	3.4	13.3	21.9	3.2	25.1
GY226	6658763	373166	18.0	23.0	5.0	37%	31.4	1.9	16.6	46.0	2.3	20.2	24.7	3.7	22.0
GY228	6658829	373292	8.0	13.0	5.0	45%	37.4	2.2	16.7	45.8	2.7	17.1	22.0	4.0	24.2

Table Continued overleaf



Appendix continued

Hole No	Northing	Easting	From m	To m	Length m	Yield % wt	Leach 143degC Analyses			Total Analyses for Sieved at 0.26mm					
							Al ₂ O ₃ avl %	Rx SiO ₂ %	Avl/Rx ratio	Al ₂ O ₃ %	SiO ₂ %	A/S ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %
GY229	6660471	374832	0.0	4.0	4.0	63%	37.3	2.5	15.1	42.1	3.0	14.1	26.0	3.7	23.7
GY230	6660512	374785	12.0	14.0	2.0	78%	25.3	2.1	12.2	32.6	2.8	11.7	26.3	2.8	30.2
GY248	6660496	374885	5.0	8.0	3.0	50%	33.5	2.6	12.8	39.8	3.4	11.6	25.2	3.4	25.8
GY256	6658812	373159	19.0	24.0	5.0	59%	41.9	1.2	34.6	44.7	1.9	23.9	24.7	3.7	23.6
Average all holes			4.6	9.4	4.8	59%	36.6	2.2	16.5	42.7	2.8	15.3	24.7	3.7	24.0
Strip ratio (waste/ore)					1.0										

Leach conditions to measure available Al₂O₃avl & reactive Rx SiO₂ is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Srx" ratio is (Al₂O₃avl)/(Rx SiO₂). Values above 10 are excellent. "A/S" ratio is Al₂O₃/SiO₂. Yield is for screening at 0.26mm. If a different beneficiation method is used, yield will be different. Tonnages requiring no upgrade will have 100% yield.

For further information please contact:

Investor Relations, Henry Kinstlinger, Australian Bauxite Limited

Telephone: +61 2 9251 7177

Fax: +61 2 9251 7500

www.australianbauxite.com.au

Email: corporate@australianbauxite.com.au

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 to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.

About Australian Bauxite Limited: ASX Code ABZ

Australian Bauxite Limited (ABx) holds the core of the newly discovered Eastern Australian Bauxite Province. Its 34 bauxite tenements in Queensland, NSW and Tasmania covering 8,000 km² 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, an interim resource of 35 million tonnes¹ has been reported from drilling 15% to 20% of the area prospective for bauxite and a resource of 25 million tonnes² of bauxite has been reported at the Taralga project in southern NSW. Results from the Binjour Plateau in central QLD confirm that ABx has discovered a significant bauxite deposit including some bauxite of outstandingly high quality. Australian Bauxite Limited aspires to identify large bauxite resources in the Eastern Australian Bauxite Province which is emerging as 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.

ABx endorses best practices on agricultural land, strives to leave land and environment better than we find it. We only operate where welcomed.

The following are JORC-compliant Public Reports released to the ASX declaring the JORC resources referred to. These can be viewed on the ASX website and the Company will provide these reports, free of charge on request.

¹ 02/09/2010 ASX Inverell JORC Resource Update

² 12/05/2011 ASX Taralga Bauxite Resource Doubled to 25 Million Tonnes



Figure 3: Project Tenements and Major Infrastructure – mid 2011