

6 Million Tonnes Maiden Guyra Resource: High-Grade Bauxite

Company resources grow to 68 million tonnes^{1,2}

- Maiden Resource: 6 million tonnes of gibbsite-rich bauxite at Guyra, northern NSW
- Resource is based on 71 first-pass exploration holes that intersected a thick bauxite layer that is concealed beneath a thin surface clay horizon
- 87% of the 71 bauxite intercepts were a superior quality bauxite suitable for sweetening circuits in refineries. It is termed "Brown Sugar" bauxite
- The deposit sits next to a rail siding on a recently decommissioned rail line
- New Exploration Licence Application to secure potential extensions

Emerging bauxite exploration and development company, Australian Bauxite Limited (ABx, ASX Code ABZ) has discovered a thick layer of bauxite at its Guyra project in northern NSW (see Figure 1). The bauxite lies near surface beneath a thin clay horizon. Results from 71 holes into the bauxite include some exceptionally high grade, thick gibbsite bauxite, ideal as a "sweetener" to any bauxite refinery. ABx refers to such high grade bauxite as "Brown Sugar" which commands a large price premium.

Resource estimates after application of cut-off grades for the drilled resource areas on the initial deposits tested at Guyra are summarised as follows:

Resource category	Tonnes millions	Thick-ness	Over-burden	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 %	Yield %
Inferred	2.3	4.2 m	3.4 m	35.0	2.8	12.5	41.4	3.6	11.6	26.2	3.3	24.6	56%
Indicated	3.8	5.9 m	4.4 m	37.4	2.0	18.3	43.1	2.6	16.3	27.3	3.9	24.5	61%
TOTAL	6.0 Mt	5.3 m	4.0 m	36.5	2.3	15.8	42.5	3.0	14.3	26.9	3.7	24.5	59%

Cut-off grades applied: Minimum 30% Al₂O₃, 2m thickness, 45% yield. Maximum strip ratio (metres overburden:bauxite) 3:1.

Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "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. Tonnage is for bauxite in-situ. Yield is for screening all samples at 0.26mm. The significant tonnages requiring no upgrade will have 100% yield.

The deposit lies at surface, commonly on topographic high points which have been cleared for grazing but left uncultivated because of the poor soil that develops on bauxite.

The bauxite is relatively consistent in quality as demonstrated by the fact that 87% of the 71 bauxite intercepts (see Figure 2) are "Brown Sugar" bauxite, being a superior quality, low silica, gibbsite bauxite suitable for sweetening circuits in refineries.

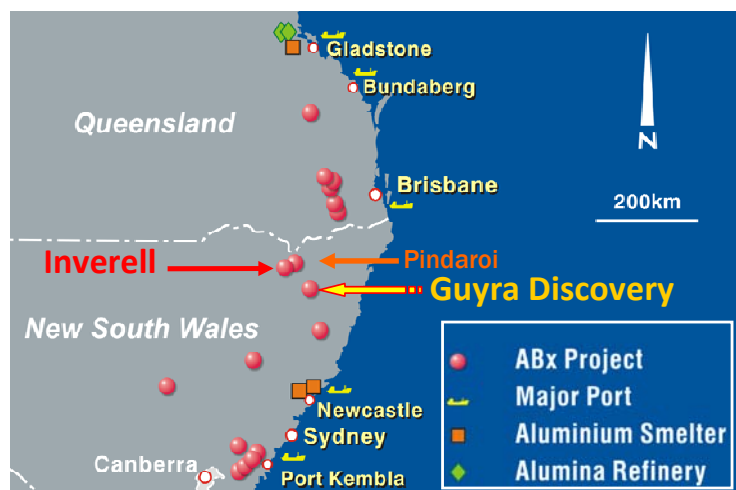
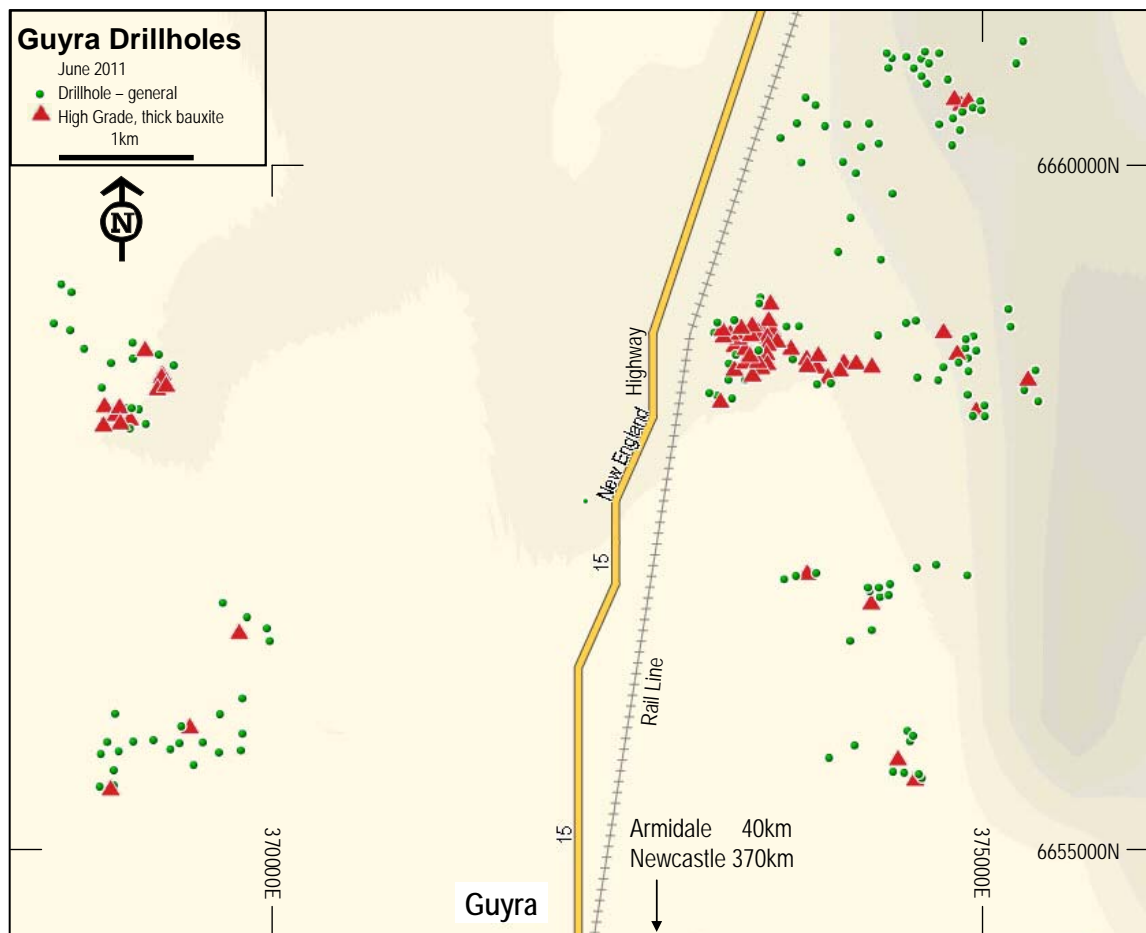


Figure 1: Location

Figure 2: Guyra Drillhole Locations



Logistical Setting and Relationship with Inverell Bauxite Project

The Guyra bauxite is 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 leg has recently been decommissioned after being used for logging transport.

Guyra is located near the company's Inverell and Pindaroi bauxite deposits (see Figure 1) and may provide sufficient tonnages to justify a major bauxite project in northern NSW.

Review of Environmental Factors

A Review of Environmental Factors (REF) has been approved by the Department of Industry and Investment so that more intensive exploration drilling can be undertaken.

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.

New Exploration Lease Application

The bauxite deposit is concealed beneath a shallow surface clay layer but the company's exploration technology indicates that this high quality bauxite layer extends over a considerable distance. A new exploration lease application has been made to secure the extension areas for ABx. Once approved, exploration drilling will accelerate in the Guyra district.

RESOURCE ESTIMATE METHOD

During reconnaissance exploration drilling on a semi-random pattern governed by site availability across Guyra EL 7361 to test several of the many bauxite targets; 71 holes intersected a consistently good quality bauxite layer concealed beneath a surface clay layer.

Drill samples were collected at 1 metre intervals from the aircore drillholes and analysed at ALS Laboratories in Brisbane including trihydrate (THA) available alumina (“Al₂O₃ Avl”) and reactive silica (“Rx SiO₂”) measurements. Leach conditions to measure available alumina “Al₂O₃ Avl” and reactive silica “Rx SiO₂” were 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 minutes.

Estimation was done by geostatistical block modelling of bauxite intercepts, constrained within geological boundaries using Gemcom resource estimation software. The drill spacing within the bauxite zones was typically at 100 metres spacings but data interpolation of up to 340 metres was done to ensure that all 25m x 25m blocks were estimated. Blocks with less than 3 datapoints were excluded from this maiden estimate – these will be targets for later infill drilling.

Bauxite density was conservatively assumed at 1.8 dry tonnes per cubic metre in situ.

GROWTH IN TOTAL BAUXITE RESOURCE OVER TIME

In the 19 months since listing on 24 December 2009, Australian Bauxite Limited has discovered drilled and declared bauxite resources totalling 68 million tonnes ^{1,2}, mainly of high-quality, low silica gibbsite rich bauxite. The resource growth shows no sign of slowing across the 37 tenements in QLD, NSW & Tasmania.

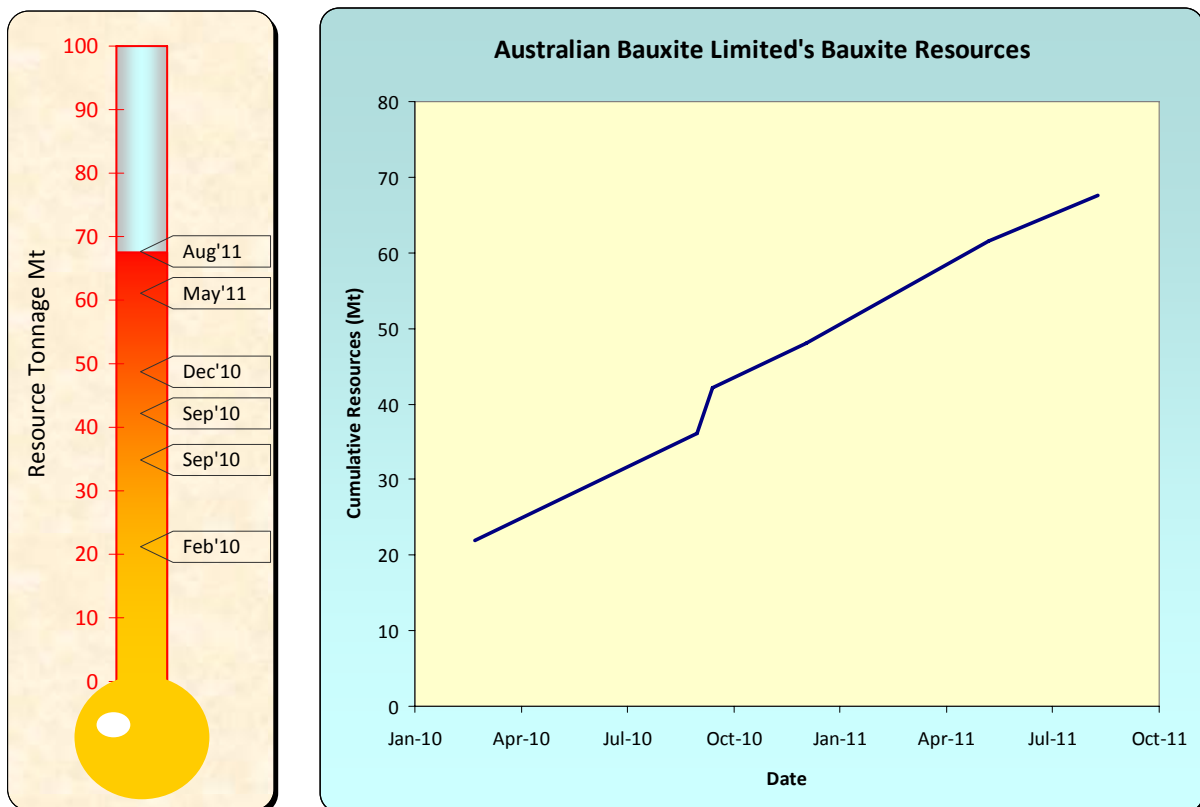


Figure 3: Growing Bauxite Resources
(see Exploration Target Statement)



Figure 4: ABx Project Tenements



About Australian Bauxite Limited: ASX Code ABZ

Australian Bauxite Limited (ABx) holds the core of the newly discovered Eastern Australian Bauxite Province. Its 37 bauxite tenements in Queensland, NSW and Tasmania covering 8,500 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.

Qualifying Statement

The information in this announcement that relates to Exploration Results, Mineral Resources and Bauxite Classifications is based on results and interpretations compiled by Ian Levy who is a member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Levy is a qualified geologist and employed as CEO of Australian Bauxite Limited.

Geostatistical block modelling was carried out by independent consultant, Scott McManus using Gemcom mining software. Mr McManus is an experienced resource modelling consultant and a member of the Australian Institute of Geoscientists.

Mr Levy has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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 McManus 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.

Exploration Target Statement

ABx has an exploration target of 200 to 300 million tonnes of bauxite (40-50 million tonnes is the exploration target for the Goulburn Bauxite Project area), based on the Mineral Resources totalling 36 million tonnes¹ of bauxite from 196 drillholes drilled across an area that is less than 15% of the known bauxite deposits on a single Exploration Lease EL 6997 at Inverell in northern NSW. Furthermore, Mineral Resources totalling 25 million tonnes² of bauxite have been estimated from 577 drillholes that have tested approximately 60% of the known bauxite deposits at Taralga on EL 7357. In accordance with the JORC Code, readers are advised that with regards this exploration target of 200 to 300 million tonnes, "the potential quality and grade is conceptual in nature, that there has been insufficient exploration to define full Mineral Resources and that it is uncertain if further exploration will result in the determination of a Mineral Resource". Inverell tenement EL 6997 was the first of 30 tenements to be drilled and has since discovered sizeable, good quality bauxite occurrences on several other tenements.

ABx sees no reason to vary its exploration target.

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

For further information please contact:

Investor Relations, Henry Kinstlinger, Australian Bauxite Limited

Telephone: +61 2 9251 7177

Fax: +61 2 9251 750

www.australianbauxite.com.au

Email: corporate@australianbauxite.com.au