



AUSTRALIAN **BAUXITE** LIMITED

ASX: ABZ

ASX ANNOUNCEMENT

27 October 2011

MARKET UPDATE

- **CEO presentation at Mining 2011 Resources Convention**
- **Chinese bauxite statistics**
- **Market assessment underway**
- **Broker Research Report**

CEO Presentation

Following the release of Mr Levy's presentation slides yesterday, we advise that he will be presenting at the Mining 2011 Resources Convention at 5:10 pm today.

The Convention is at the Brisbane Convention and Exhibition Centre.

Australian Bauxite is also exhibiting at the convention and is located at Stand 51.

Shareholders and the public are welcome to attend the exhibition and presentation.

Chinese Bauxite Statistics

The Chinese bauxite import statistics for the month of September 2011 show another record month with imported tonnage of bauxite being 37% more than last year at 4.48 million tonnes for the month.

The price of Australian bauxite imported into China has risen 19% to US\$57.23/tonne.

Commenting on the market trends, ABx CEO, Ian Levy said; "The upward trend in prices and tonnages has been a bit above expectations but not surprising when one looks at the industry transformation that has occurred in China and India since 2003. Most pleasing is the fact that Australian Bauxite's discoveries are achieving price premiums exceeding 25%."

Market Assessment

This week, market assessment activities for products from Australian Bauxite's Goulburn Project have commenced as part of the Pre-Feasibility Study. These involve discussions with some of the world's largest importers of bauxite.

Broker Research Report

State One Stockbroking Limited has completed a comprehensive research report on the Company.

The report is available through contacting State One Stockbroking on +61 8 9288 3388. It is also posted on the ABx website on the INVESTORS | BROKER COVERAGE page.

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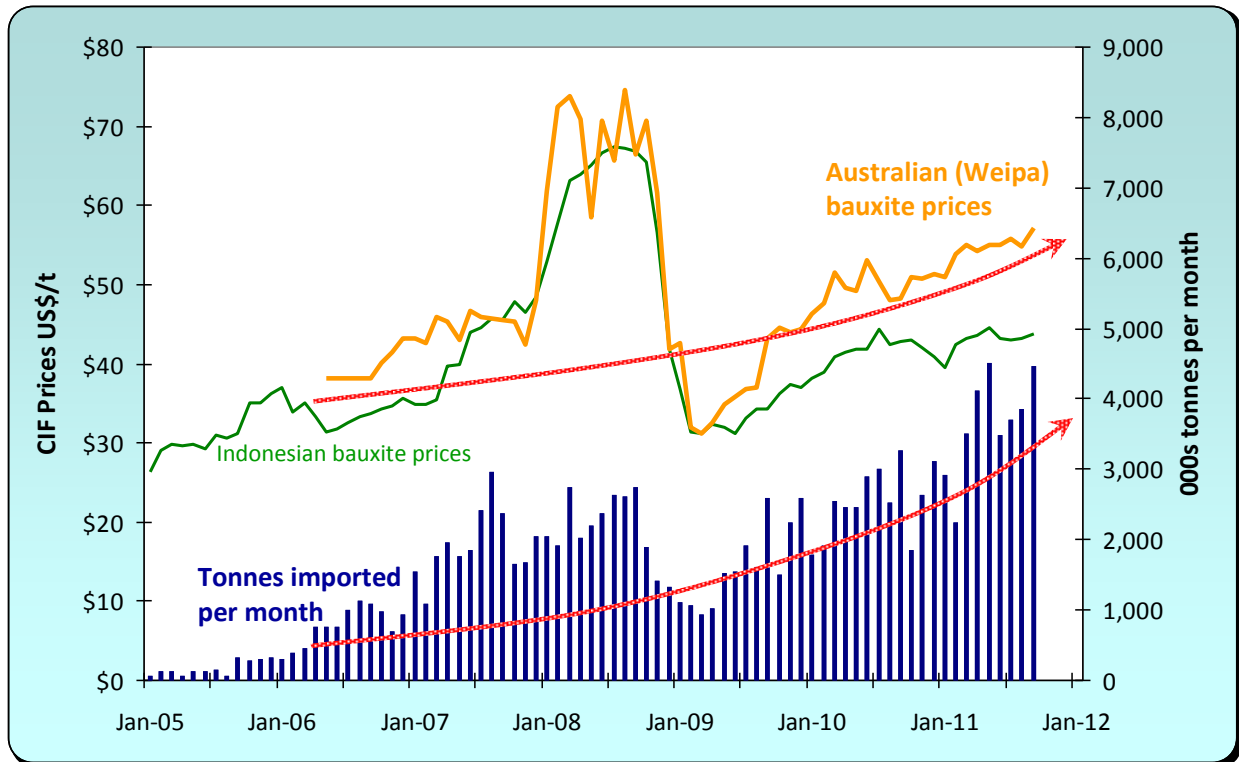
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Bauxite trends – China imports; bauxite prices

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. **Global resources declared to date total 84 million tonnes.** 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. 6 million tonnes maiden resource was declared at Guyra³. A 16.8 million tonnes⁴ maiden resource has been declared at the Binjour Plateau in central QLD, confirming 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 favorably 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 36 Million Tonnes

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

³ 15/08/2011 ASX Guyra Maiden Resource 6 Million Tonnes

⁴ 12/10/2011 ASX Binjour Maiden Resource 17 Million Tonnes