



AUSTRALIAN BAUXITE LIMITED

ASX: ABZ

QUARTERLY REPORT

Quarterly Activities Statement period ending 30 June 2010

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 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, 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.

ABx Pic of the Quarter AMEC Convention Perth, June 2010



ABx booth Ian Levy ABx CEO with Marcia Lewis of Resource Information Unit.

This quarterly report is dated 30th July 2010 and is for the three months ending 30 June 2010.

PRINCIPAL POINTS

Exploration

- Drilling on schedule - 430 holes totalling approximately 4,250 metres completed. Results as expected and in some places better.
- Approval for 780 holes at Inverell obtained.

Corporate

- Annual General Meeting – all resolutions passed.
- Commercial negotiations to commence.
- Convertible Note redeemed.

ABx Snapshot

No Shares	85.6 million		
Net Assets	\$6.4 million including \$4.6 million cash		
Market Cap	\$34.25 million		
VWAP (Mar – Jun)	34.51 cents		
Tenements (including 13 applications pending)	NSW	13	3,705 km ²
	QLD	7	1,740km ²
	TAS	8	1,441 km ²
	VIC	1	152 km ²
	Total	29	7,039 km²

Vale Ian John McClellan 1965 – 2010

ABx staffer, Ian McClellan tragically passed away on 25th May 2010 in a motor vehicle accident.

Ian was a very upright person, well liked and admired by all.

He was highly ethical and a competent worker; a great team player who supported his colleagues with his experience and guidance.

Ian is survived by his wife, Elizabeth and his children Kiara, Jarred, Shayla and Codey.

Ian will be sorely missed by all at ABx.



AUSTRALIAN BAUXITE LIMITED

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CORPORATE

Register snapshot

On 30th June 2010, ABx had 85,617,337 ordinary shares on issue and 10,200,000 options.

Cash at hand

At the end of the June quarter, ABx had available cash of \$4.6 million.

Trading summary

During the June quarter the total market trade value was \$1.15 million, with 240 trades (average value per trade was \$4,801). 3.34 million shares were traded – the VWAP for the June quarter was 36.46 cents.

Commercial negotiations to commence

ABx will be conducting its first commercial negotiations with potential customers and/or partners for a few of its 29 bauxite projects commencing in September 2010.

Annual General Meeting

The Annual General Meeting of ABx was held on 28 May 2010. All resolutions put to the meeting were passed. The Chairman's address to the meeting is reproduced at Appendix "A".

Finalisation of Convertible Note

Subsequent to the end of the June quarter, directors advised that the 23 December 2012 Convertible Note has been fully satisfied.

Negotiations commenced in April with the Note Holder, Hudson Resources Limited (**Hudson**) to redeem the Note.

Payment of \$783,934, representing the Cash Component (including Interest) of the Note was paid in April with the Outstanding Sum was redeemed for 5,617,337 Shares in July.

Hudson voluntarily entered into a Restriction Agreement, whereby the Shares are restricted and held in escrow until 23 December 2011.

The Note's redemption at this time has saved the Company further interest accruing.

Tenement No	Project	Size Sq km
New South Wales		
ABx1 Pty Ltd		
EL 6997	Inverell	297
EL 7268	Pindaroi	138
EL 7361	Guyra	300
EL 7344	Yarrowitch	279
ELA 3626*	Merriwa	1,272
ABx2 Pty Ltd		
EL 7269	Windellama	270
EL 7279	Wingello West	21
ELA 4038**	Wingello Extended	39
EL 7357	Taralga	300
EL 7360	Trundle	252
ELA 4024**	Trundle Extension	228
ELA 3740*	Bungonia	276
EL 7546	Penrose	33
		3,705
Queensland		
ABx3 Pty Ltd		
EPM 17790	Hampton	336
EPM 17800	Red Hill	300
EPM 17801	Red Hill South	300
EPM 17830	Haden	264
EPM 17831	Hillgrove	267
EPM 18014	Binjour	150
EPMA 18772**	Binjour Extension	123
		1,740
Tasmania		
ABx4 Pty Ltd		
EL 4/2010**	Evandale	197
EL 5/2010**	Powranna	234
EL 6/2010**	Cleveland	209
EL 7/2010**	Conara	238
EL 8/2010**	Cranbrook	220
EL 9/2010**	Deloraine	224
EL 14/ 2010**	Myalla	80
EL 13/2010**	Mawbanna	39
		1,441
Victoria		
ABx5 Pty Ltd		
EL 5279	Rokeby	153
		153
		7,039
* Offered		
** Application pending		

Figure 1 - ABx Project Tenements at 30 July 2010

EXPLORATION

Review of Environmental Factors

Inverell and Pindaroi (NSW) - a Review of Environmental Factors was submitted to the Department of Industry and Investment and approval obtained to drill a further 780 holes over the next 3 years.

Windellama (NSW) - a Review of Environmental Factors has also been submitted and is under consideration.

Work program & schedule

Drilling commenced on 12 April 2010. After 3 months of drilling as at rig shutdown on Thursday 15 July, a total of approximately 430 holes totalling approximately 4,250 metres of air-core sampling had been completed.

This was a few weeks ahead of our 1,000 hole target by 3 December 2010 (4.5 months) due to:

1. drill rig speed and simplicity;
2. few delays due to weather and rig maintenance; and
3. no land access delays.

The program objective is to first identify the bauxite layer and better define its boundary. Then, additional holes are drilled to test for the consistency of the bauxite.

Landholder support has been positive in all areas.

Samples from all drilling completed in the June quarter have been submitted to ALS Chemex in Brisbane for analysis.

Results to date have been satisfactory, in line with expectations and in some places, better than expected.

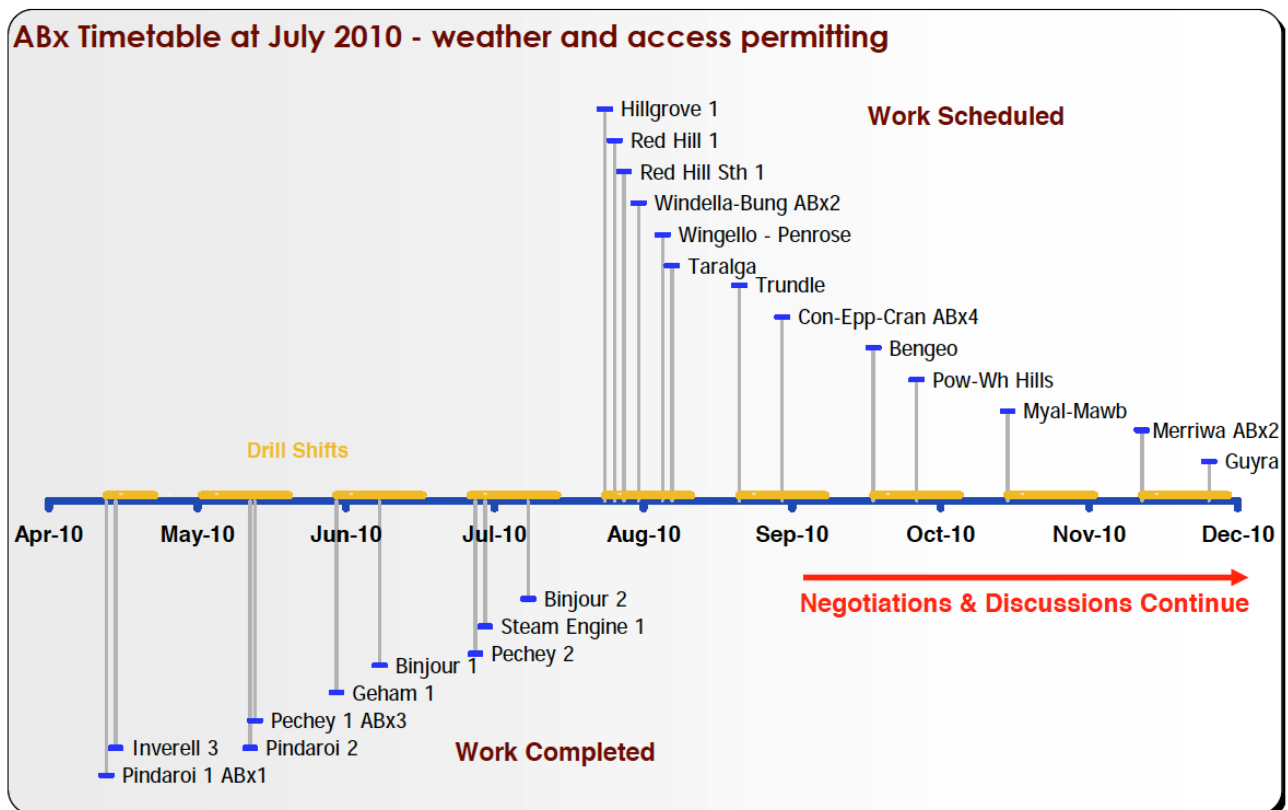


Figure 2 - ABx 2010 Drill program

Drilling Summary

INVERELL EL 6997 20km NW of Inverell NSW

162 holes completed; Average bauxite thickness 4.8 metres; maximum thickness 9.4 metres

Total drilling completed at Inverell in 2009 and 2010 is 280 drill-holes totalling 3,400 metres averaging 4.8 to 5.4 metres of bauxite thickness.

The thickest bauxite intercept in the 2010 drill campaign has been 9.4 metres – a similar result to the 9.5 metres maximum thickness encountered in the 2009 drill campaign at the southern end of the tenement.

Results at Inverell are confirming that the main deposits have the shape and high degree of consistency that was originally interpreted for these deposits. Barring any unexpected surprises in the assay results, which are still awaited, the Inverell deposits are relatively consistent and very extensive.

Inverell is now moving into a resource estimation stage, the Inverell deposits are relatively consistent and very extensive. A major resource drilling program is considered the likely next step for this substantial bauxite resource area.

PINDAROI EL 7268 7km NE of Inverell EL 6997 NSW

18 holes completed; Average bauxite thickness 5.5 metres; maximum thickness 12 metres

The thickest bauxite intercept of 12 metres is quite remarkable and the fact that this is the same maximum thickness that was estimated from detailed mapping is considered encouraging.

Pindaroi has potential for large tonnage deposits.

Results at Pindaroi have exceeded expectations – 12 metres of bauxite is uncommonly thick and the resource tonnage potential is high. However, because this was the first drill testing of Pindaroi, it is too early to predict the future developments at Pindaroi and the next likely step is second-pass infill drilling to assess continuity of thickness and grades.

BINJOUR EPM 18014 170km SW of Bundaberg QLD

57 holes completed; Average bauxite thickness 5.3 metres; maximum thickness 13 metres

A first-pass reconnaissance drilling program of 57 holes totalling 1,142 metres has been completed at Binjour Plateau and a flat-lying, relatively consistent bauxite horizon has been discovered, averaging 4.2 to 5.3 metres thick, with a maximum thickness of 13 metres. This set of results exceeded the company's expectations for bauxite thickness but grade information is still awaited from the laboratory.

A second-pass drilling program is underway so that a second plateau with bauxite can be tested and to do some infill drilling so that continuity of thickness and grades can be assessed for both areas. Bauxite at Binjour is extensive and the prospect is proving to be encouraging, thus justifying additional drilling.

Binjour has the potential to be a project worthy of early development.



Figure 3 – Bauxite chips from depth interval 10 – 15m

Binjour, indicative assays

Raw bauxite

Hole	From m	To m	Metres m	Avl Al ₂ O ₃ %	SiO ₂ rx %	aA/Sx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %
BJ 006	7	12	5	36.3	3.0	12.0	40.9	3.7	11.0	31.9	3.9	18.8
BJ 033	10	19	9	46.6	2.4	19.1	50.8	2.8	18.4	15.2	3.2	27.5

Bauxite screened at 0.26mm

Hole	From m	To m	Metres m	Avl Al ₂ O ₃ %	SiO ₂ rx %	aA/Sx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %
BJ 006	7	12	5	38.7	1.2	31.7	41.4	1.5	26.8	29.6	3.3	23.6
BJ 033	10	19	9	50.5	1.2	42.5	53.1	1.3	39.9	13.1	2.8	29.2

* Leach conditions to measure available Avl Al₂O₃ & reactive SiO₂ rx were 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins.

"aA/Sx" ratio is (Available Al₂O₃)/(Reactive SiO₂). Values above 10 are excellent

"A/S" ratio is (Total Al₂O₃)/(Total SiO₂). Values above 10 are excellent

HAMPTON EPM 17790

20km N of Toowoomba QLD

125 holes completed; Average bauxite thickness 5.6 metres; maximum thickness 13 metres

The Geham deposit is a relatively consistent bauxite layer whilst Pechey deposit has two layers. Laboratory results are awaited from this large program and assessments will commence in August.

Results at Pechey and Geham in the Hampton EPM tenement area in southern Queensland have confirmed that Pechey deposit and Geham deposits combined may contain a large tonnage of bauxite. However, early drilling results from the newly discovered "Steam Engine" bauxite deposit in the Haden EPM tenement area confirm that this area has abundant

bauxite potential.



Figure 4 - Field operations, Queensland

HADEN EPM 17830

40km N of Toowoomba QLD

Drilling underway; Bauxite thickness 3 to 5 metres; maximum thickness 10 metres

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 up to 10 metres in places – still being drilled.

Land Access

This major bauxite drilling program is proceeding without interruption and with a 100% approval by landholders of the drill site rehabilitation 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 company 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.

Tenements offered

NSW Application ELA 3774 at Penrose has been granted as EL 7546; the large Merriwa ELA 3626 and ELA 3740 have now been formally offered to ABx 2.

New applications

Applications for extensions to the Binjour Plateau in QLD (ELA 18722) and Trundle (ELA 4024) and Wingello (EL4038) in NSW have been lodged.

Tenement Status

Tenements are 100% in good standing.

FURTHER INFORMATION

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Qualifying statements

The information in this report that relate to exploration programmes are based on information compiled by Jacob Rebek who is a member of Australian Institute of Mining and Metallurgy. Mr. Rebek is a qualified geologist and is a director of Australian Bauxite Limited.

Mr. Rebek has sufficient experience, which is relevant to the style of mineralization 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. Rebek consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

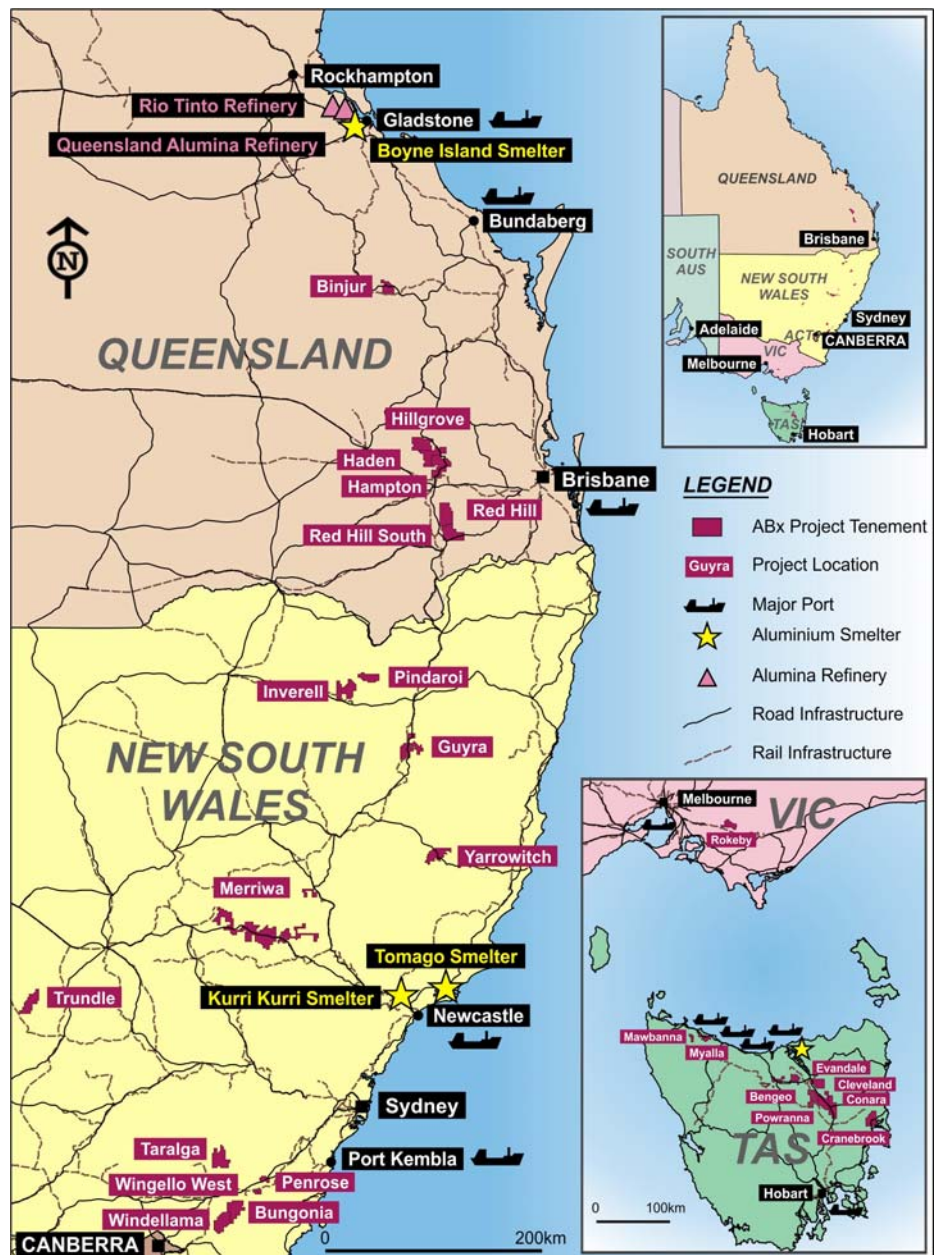


Figure 5 - ABx Project Tenements



Appendix A

CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING

28 May 2010

Since successfully listing on the ASX on 24 December 2009, Australian Bauxite Limited (ABx) has established itself as a new force in the Australian bauxite industry. It commenced an aggressive drilling program in April this year that will continue for some time and has already begun to deliver positive bauxite results in Inverell-Pindaroi in northern NSW and Pechey-Hampton in southern Queensland that were announced two days ago.

Your company is benefitting from the judicious tenement selection, which has given ABx dominance of the Eastern Australian Bauxite Province which was discovered by our Chief Geologist during the 3 years, 2006 to 2009. ABx's 25 bauxite tenements in Queensland, NSW and Tasmania cover 6,600 km² and were rigorously selected on 3 principles:

- Quality – good quality bauxite with potential for significant resource tonnages;
- Proximity – easy access to infrastructure connected to export ports; and
- Accessibility – free of socio-environmental or native title land constraints.

All tenements are 100% owned and free of obligations for processing and third-party royalties.

Typically, it takes 5 tonnes of bauxite to be refined into 2 tonnes of alumina which are, in turn smelted into 1 tonne of aluminium in an aluminium smelter. The Refineries and Smelters are massive industrial plants that must operate at a steady state to be economic. Consequently, aluminium companies have invested heavily to secure long-term supply of reliable bauxite feedstock, especially the high quality types of bauxite encountered in ABx tenements in drilling to date.

Consequently, ABx owns an important resource base, which will deliver significant shareholder value as its exploration work proves-up large tonnages of bauxite.

Aluminium is a modern metal with a positive growth outlook – its consumption grows faster than overall industrial growth rates because the emerging economies are using aluminium at increasing intensity. Strong growth in the aluminium industry is assured.

Activities

ABx has discovered many bauxite deposits but exploration upside remains high. The best demonstration of this upside was the discoveries of extensive bauxite in Tasmania during the first quarter of this year which justified a further capital raising of \$3.5 million by the issuing of 10 million ordinary shares in mid March to sophisticated and institutional investors so that exploration can be expanded to Tasmania and so that exploration can be accelerated across the whole bauxite province. The shares were placed through State One Stockbroking Limited a member of the State One Capital Group, who recently became a substantial shareholder of ABx.

At the company's first drilling prospect in Inverell, northern NSW, a maiden JORC-compliant resource of 22 million tonnes at good grades has been reported from 118 drill-holes completed in 2009 covering less than 10% of the identified bauxite deposit. In April-May 2010, a further 162 drill-holes have been completed and the thickest bauxite intercept in the 2010 drill campaign has been 9.4 metres in the centre of the tenement – a similar result to the 9.5 metres maximum thickness encountered in the 2009 drill campaign at the southern end of the tenement.

Resource estimation work will commence during July once all assay and analytical results are received from the laboratory. This new estimation will still only relate to perhaps 10% to 20% of the known bauxite area at Inverell but will give a better appreciation of variability within that bauxite deposit, that to date, has appeared relatively consistent and good quality.

Other deposits at Pindaroi near Inverell and at Pechey near Toowoomba, southern Queensland are starting to be drilled and thickness results to date are very encouraging. However, the analytical results from the laboratory will take several weeks and detailed interpretations will commence then.

The company also took the opportunity during the second quarter of this year to extinguish a significant portion of the outstanding convertible note. The note provided that \$783,934 could be paid in cash and the balance of the \$2.4 million note in shares. The cash component was paid to Hudson Resources, thereby saving interest accruing on that note.

Outlook

As stated on several occasions, 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 three state-significant bauxite processing projects in Queensland, New South Wales and Tasmania and also has several bauxite deposits that are favourably located for direct shipping of bauxite to export customers.

Our business plan is to prove-up the largest tonnages of high quality bauxite resources of any comparable company and to market premium-priced bauxite products into the rapidly growing Asia-Pacific region (especially China) and the large eastern Australian aluminium industry.

From a small beginning on the Australian Stock Exchange on 24 December 2009 at 20 cents per share, the Company is already creating shareholder value - and the best is yet to come.

I would like to acknowledge the successful work of all employees, contractors and Directors. In closing I look forward to what I hope will be a highly successful future for a business making a significant contribution to the Australian economy and to its shareholders.

Peter Meers
Chairman