



AUSTRALIAN **BAUXITE** LIMITED
ASX: ABZ

ASX ANNOUNCEMENT
9 February 2011

Update Progress and Strategy

Binjour QLD - High Grade Bauxite Drill Result Taralga NSW – 18m thick bauxite intersect

- Binjour QLD**
- Eleven of fourteen holes intersected very high quality thick bauxite
 - The high success rate of these holes that were drilled into a concealed bauxite layer confirms that our exploration knowledge has advanced significantly at Binjour
 - Exceptionally high quality intercepts shows that the Binjour bauxite layer may contain large tonnages of superior quality bauxite suitable for sweetening circuits in refineries
 - 2011 drilling will target areas where the bauxite layer is at surface
- Taralga NSW**
- Resource drilling at Taralga has intersected thick bauxite up to 18 m thick

Emerging bauxite exploration and development company, Australian Bauxite Limited (ABx, ASX Code ABZ) has received laboratory results from the last 14 holes drilled at its Binjour project located between Gayndah and Mundubbera, south of Gladstone in central Queensland (see Figure 1).

Of the 14 holes drilled in the last phase of drilling in 2010, 11 holes intersected a thick layer of bauxite. Results from these 11 holes include exceptionally high grade, suggesting relatively pure gibbsite bauxite, ideal as a “sweetener” to any bauxite refinery. Complete results are listed in Table 2 overleaf and averaged in Table 1 as follows:

ORE SELECTION					Leach 143degC			Total Analyses					
Holes in Bauxite	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 %
11	8.2	13.4	5.2	61%	39.9	2.5	16.2	44.4	2.8	16.0	23.3	3.6	25.2
Strip ratio (waste/ore)				1.6									

Table 1: Summary of 11 Drillhole Intercepts at Binjour, Central QLD

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

Australian Bauxite CEO Ian Levy said; “Binjour may prove to be a very high quality bauxite deposit, shippable in large tonnages to a number of bauxite-alumina refineries that need “sweetener-grade” bauxite that can be processed at low temperature and with exceptionally low reactive silica contents.

“We’ve called this bauxite type “Brown Sugar” bauxite – which may become a brand name in the industry one day. Some customers may become dependent on this product and pay quite handsomely for it.”

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Figure 1: Locations

Table 2: Binjour Drill Results

Hole No	From m	To m	Length m	Yield % wt	Leach 143degC			Total Analyses					
					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 %
BJ114	6	7	1	43%	35.3	2.6	13.6	41.7	3.4	12.3	24.8	5.3	24.0
BJ114	7	8	1	53%	37.9	0.5	75.8	39.7	1.0	39.7	31.1	3.9	23.6
BJ114	8	9	1	41%	31.1	2.6	12.0	36.1	3.4	10.6	35.2	3.6	20.9
BJ114	9	10	1	30%	24.6	5.6	4.4	32.0	6.2	5.2	39.5	3.3	18.2
BJ114	10	11	1	31%	21.8	6.8	3.2	30.3	7.5	4.0	40.6	3.3	17.4
BJ115	6	7	1	19%	28.0	3.0	9.3	34.0	3.8	8.9	36.1	4.0	21.4
BJ115	7	8	1	34%	31.1	0.9	34.6	35.4	1.5	23.6	35.9	3.8	22.6
BJ115	8	9	1	83%	38.5	1.1	35.0	41.7	1.4	29.8	28.6	2.9	24.6
BJ115	9	10	1	77%	47.8	0.6	79.7	49.4	0.7	70.6	18.4	2.8	28.1
BJ115	10	11	1	78%	35.1	0.7	50.1	39.3	0.8	49.1	32.0	2.7	24.0
BJ116	9	10	1	21%	24.1	8.5	2.8	38.1	9.4	4.1	25.1	6.0	20.7
BJ116	10	11	1	58%	32.7	1.4	23.4	37.0	1.7	21.8	35.1	3.3	21.9
BJ116	11	12	1	75%	45.8	0.8	57.3	48.8	1.0	48.8	19.3	2.9	27.5
BJ116	12	13	1	78%	35.7	0.9	39.7	40.7	1.0	40.7	31.0	2.8	23.8
BJ116	13	14	1	81%	31.8	0.6	53.0	36.7	0.8	45.9	36.6	2.9	22.0
BJ119	10	11	1	64%	37.3	1.2	31.1	40.2	2.0	20.1	29.1	3.9	24.1
BJ119	11	12	1	60%	34.0	2.9	11.7	38.2	3.5	10.9	31.6	3.8	22.4
BJ119	12	13	1	55%	28.4	7.2	3.9	36.7	7.7	4.8	30.9	3.6	20.5
BJ119	13	14	1	39%	35.7	2.7	13.2	40.3	3.3	12.2	29.4	3.3	23.0
BJ120	7	8	1	81%	37.8	1.3	29.1	42.5	1.5	28.3	26.4	3.8	25.1
BJ120	8	9	1	78%	23.4	2.1	11.1	29.7	2.5	11.9	37.1	11.1	18.4
BJ120	9	10	1	73%	42.9	0.5	85.8	44.9	0.6	74.8	24.3	3.3	26.0
BJ120	10	11	1	78%	41.1	0.4	102.8	41.6	0.6	69.3	29.8	3.1	24.0
BJ121	7	8	1	83%	30.2	6.1	5.0	39.8	6.5	6.1	25.3	4.4	23.0
BJ121	8	9	1	78%	42.5	0.5	85.0	45.3	0.6	75.5	23.7	3.5	26.2
BJ121	9	10	1	70%	43.3	0.4	108.3	47.3	0.5	94.6	21.8	2.8	27.0
BJ121	10	11	1	57%	45.8	0.6	76.3	49.1	0.7	70.1	18.6	3.2	27.7
BJ121	11	12	1	66%	52.1	0.5	104.2	54.4	0.6	90.7	11.9	2.5	30.2
BJ121	12	13	1	61%	53.9	0.7	77.0	56.0	0.9	62.2	9.4	2.7	30.6
BJ121	13	14	1	63%	48.7	0.5	97.4	52.6	0.7	75.1	14.1	3.2	28.9
BJ122	9	10	1	80%	48.4	0.4	121.0	51.5	0.4	128.8	15.3	2.8	29.4
BJ122	10	11	1	73%	48.3	0.4	120.8	51.1	0.4	127.8	16.3	3.2	28.6
BJ122	11	12	1	71%	46.6	0.4	116.5	48.7	0.5	97.4	19.8	3.1	27.3
BJ122	12	13	1	70%	49.4	0.6	82.3	53.0	0.7	75.7	13.7	2.8	29.3
BJ122	13	14	1	42%	49.0	0.7	70.0	50.9	0.9	56.6	14.9	4.3	28.5
BJ122	14	15	1	32%	34.9	0.6	58.2	38.3	0.8	47.9	32.8	4.7	22.7
BJ123	9	10	1	59%	30.7	7.2	4.3	40.4	7.8	5.2	24.5	4.0	22.6
BJ123	10	11	1	79%	39.0	1.0	39.0	42.0	1.0	42.0	28.0	3.2	24.8
BJ123	11	12	1	74%	41.6	0.9	46.2	44.9	1.0	44.9	23.7	3.6	26.0
BJ124	10	11	1	73%	31.1	6.1	5.1	39.3	6.4	6.1	27.5	3.6	22.2
BJ124	11	12	1	67%	46.0	1.8	25.6	47.2	1.8	26.2	19.9	3.9	26.5
BJ124	12	13	1	59%	51.5	1.5	34.3	54.6	1.6	34.1	9.8	3.6	30.0
BJ125	7	8	1	78%	33.4	3.6	9.3	38.8	4.0	9.7	29.8	3.9	22.7
BJ125	9	10	1	65%	37.5	6.7	5.6	46.0	7.3	6.3	18.2	2.8	25.1
BJ125	10	11	1	56%	36.4	5.4	6.7	43.7	6.0	7.3	22.4	2.9	24.3
BJ125	11	12	1	49%	34.5	7.5	4.6	44.1	8.2	5.4	19.6	4.0	23.6
BJ125	12	13	1	47%	38.0	6.3	6.0	45.3	6.9	6.6	18.6	4.0	24.7
BJ125	13	14	1	48%	49.8	2.5	19.9	52.9	2.7	19.6	11.7	3.7	28.5
BJ125	14	15	1	46%	46.6	2.2	21.2	49.2	2.5	19.7	17.3	3.4	27.2
BJ125	15	16	1	58%	48.5	2.0	24.3	49.2	2.2	22.4	17.7	3.4	27.1
BJ126	10	11	1	58%	33.3	7.9	4.2	43.7	8.3	5.3	20.0	3.4	23.9
BJ126	11	12	1	59%	45.0	2.8	16.1	49.7	3.0	16.6	16.0	3.2	27.6
BJ126	12	13	1	59%	45.9	1.8	25.5	49.5	1.9	26.1	17.6	2.9	27.6
BJ126	13	14	1	69%	56.3	0.7	80.4	58.6	0.7	83.7	5.9	2.8	31.7
BJ126	14	15	1	75%	56.2	1.0	56.2	58.3	1.0	58.3	6.2	2.6	31.6
BJ126	15	16	1	74%	55.9	1.2	46.6	57.8	1.3	44.5	6.5	3.0	31.1
ORE SELECTION					Leach 143degC			Total Analyses					
Holes in Bauxite	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 %
11	8.2	13.4	5.2	61%	39.9	2.5	16.2	44.4	2.8	16.0	23.3	3.6	25.2
Strip ratio (waste/ore)				1.6									

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 (Al₂O₃avl)/(Rx SiO₂). "A/S" ratio is Al₂O₃/SiO₂. Values above 10 are excellent.

Figure 2: Binjour Plateau & Tenements

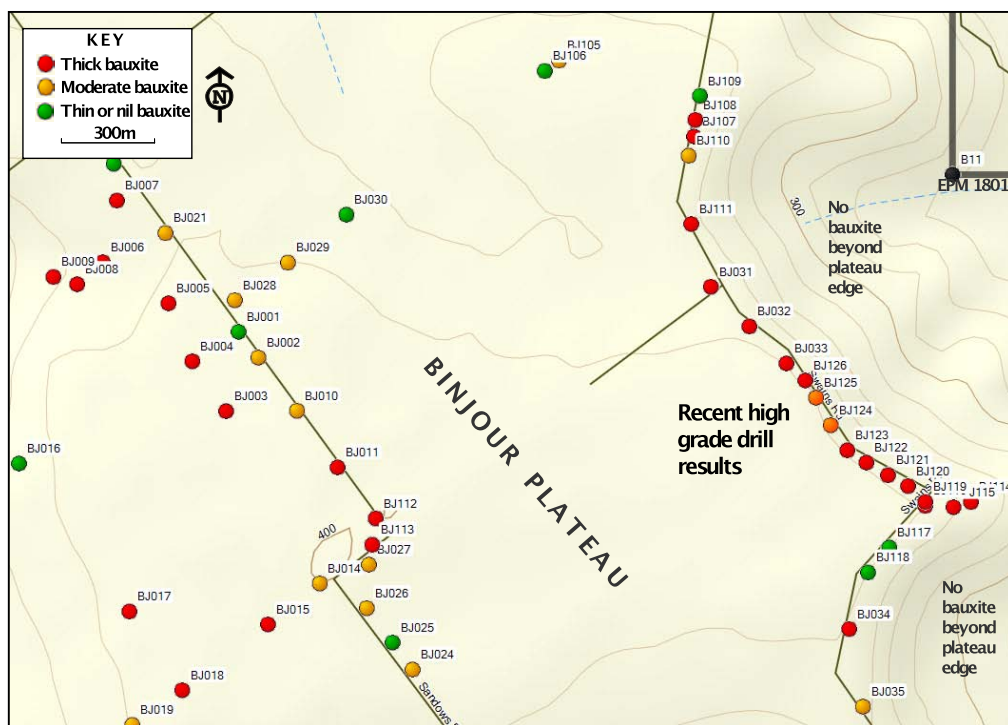
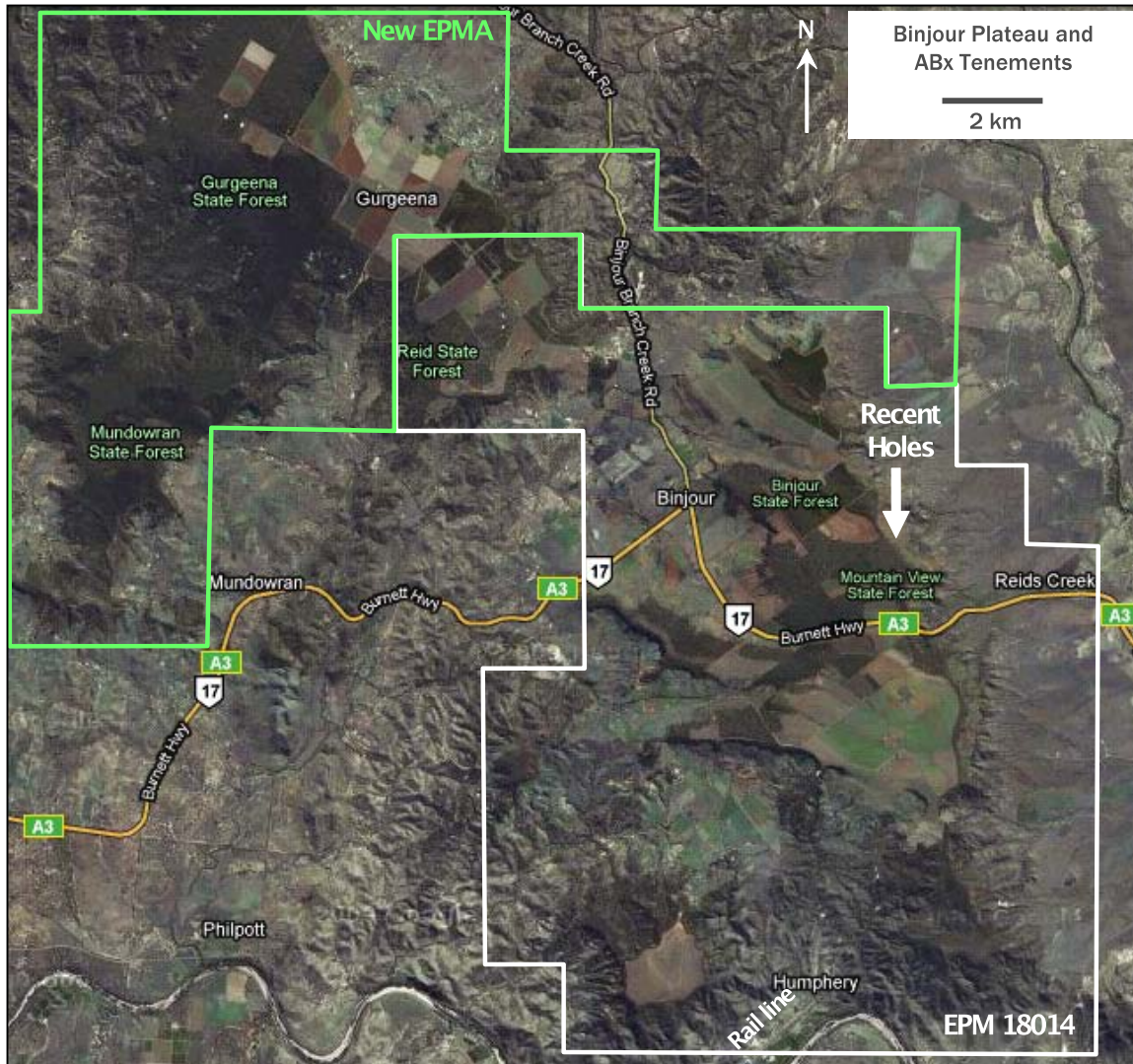


Figure 3
recent drillholes
on Binjour
Plateau &
bauxite
thickness
distribution

TARALGA EL 7269 & EL 7681 40km N of Goulburn, southern NSW

During 2010, bauxite resources totalling 12 million tonnes were identified from first-pass drilling at Taralga and announced on 6 December 2010. More than half of the resources are easily mined Direct Shipping Ore “**DSO**” grade bauxite suitable for direct shipping to customers that require gibbsite-rich bauxite, which is the premium quality bauxite that is in highest demand globally.

The bulk of these initial resources came from Areas B & C in Figure 4 but a **new bauxite deposit** has been discovered in the Southeast of the tenement at **Area A** in Figure 4 and this is now being drilled as a matter of priority. During the January drilling cycle, a total of 225 holes were drilled in Area A and some zones of exceptionally thick bauxite layers were discovered, including one hole that intersected bauxite from surface to 18 metres depth. This deposit extends westwards from the original exploration licence EL 7357 into the newly granted EL 7681 and 20 of the 225 new drillholes were drilled in EL 7681 within 14 days of it being granted. Operations in both areas are being conducted pursuant to Review of Environmental factors approved by the NSW Department of Primary Industry.

The new deposit in Area A appears significantly larger than the deposits in Areas B & C, both in thickness and areal extent.

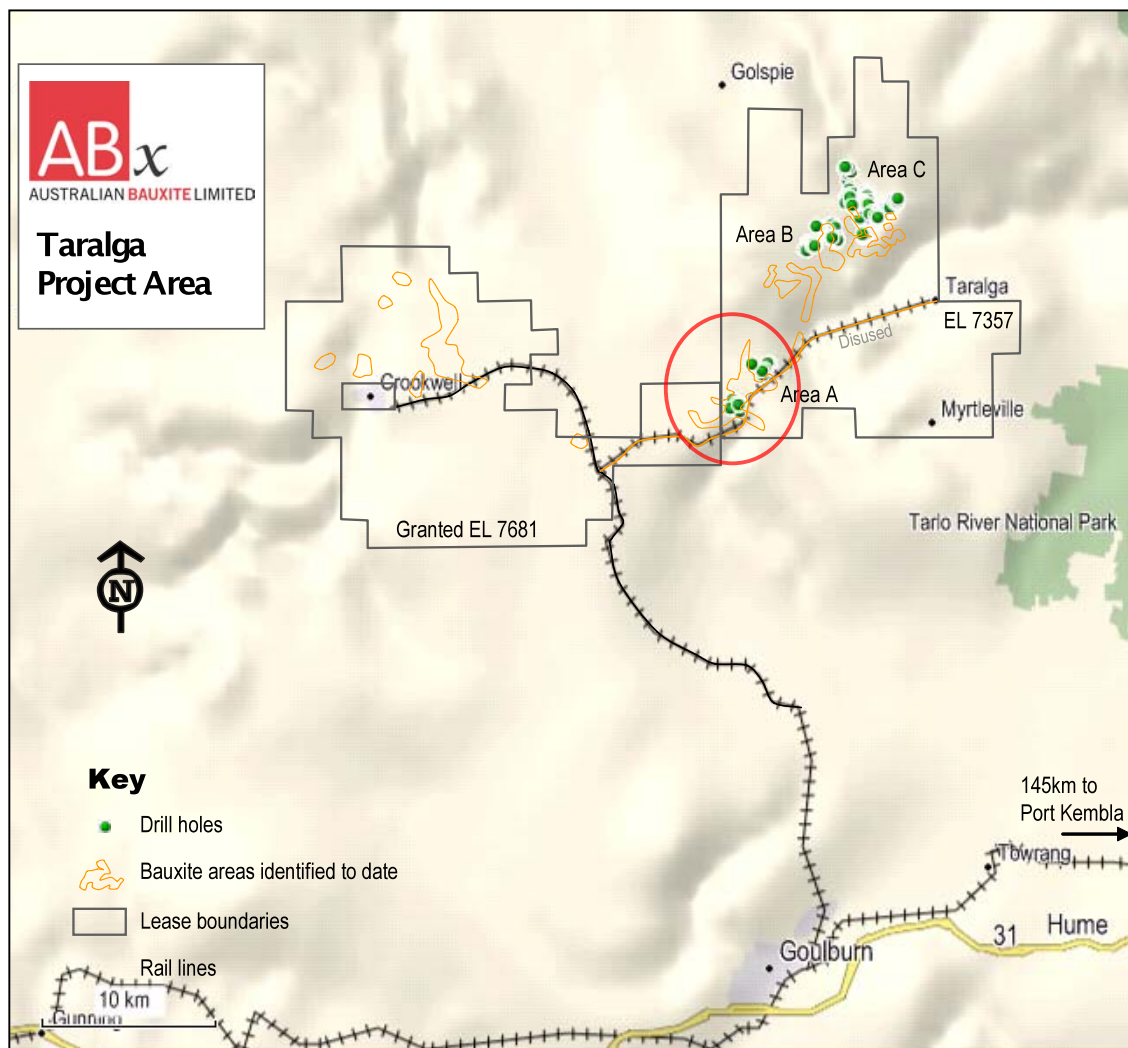


Figure 4: Taralga Tenements, Bauxite Areas, Drillhole Locations & Infrastructure

Note: The Taralga rail line is disused. The Crookwell rail line is not operational but can be reopened. The Goulburn-Port Kembla rail is a heavy duty rail line with surplus capacity.

TASMANIA EL4/2010 to EL9/2010 & EL14/2010 (1,639 km²)

Drilling in Tasmania was done on grazing and cropping farmland around Campbell Town in the Tasmanian midlands. Bauxite has been encountered in drill holes and in surface sampling. Initial results have been compiled for Deloraine (EL 9/2010). Results to date (see below) are from the edges of the deposit and from some outlier occurrences of bauxite and they demonstrate that Direct Shipping Ore grades occur in reasonable thicknesses, for example 7 metres of bauxite in hole DL025.

Results from the main part of the deposit that was drilled immediately before the year-end shutdown are pending from the laboratory.

Table 3: Deloraine Drill Results

Hole No	From m	To m	Yield % wt	Leach 143degC			Total Analyses					
				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 %
DL023	3.0	4.0	65%	30.1	7.6	4.0	40.1	8.8	4.6	24.1	3.1	22.9
DL023	4.0	5.0	51%	31.4	7.1	4.4	40.9	8.0	5.1	23.7	3.1	23.3
DL025	0.0	1.0	62%	31.4	4.5	7.0	38.2	9.6	4.0	26.0	2.9	22.3
DL025	1.0	2.0	77%	41.4	0.7	59.1	44.4	1.1	41.1	25.6	2.7	25.5
DL025	2.0	3.0	78%	44.1	0.9	49.0	46.4	1.3	36.8	22.2	2.9	26.5
DL025	3.0	4.0	80%	40.2	1.5	26.8	44.3	2.0	21.7	24.4	3.1	25.4
DL025	4.0	5.0	62%	37.8	2.6	14.5	42.9	3.3	13.1	25.3	3.2	24.5
DL025	5.0	6.0	56%	33.9	5.1	6.6	40.6	5.8	7.0	25.9	3.8	22.9
DL025	6.0	7.0	77%	28.9	5.8	5.0	37.2	6.7	5.6	29.2	3.9	21.5
DL034	5.0	6.0	77%	23.4	4.6	5.1	31.5	6.0	5.3	39.0	4.5	18.1
DL034	6.0	8.0	76%	25.1	3.3	7.6	32.4	4.7	6.9	39.1	4.3	18.7
DL034	8.0	9.0	81%	30.2	1.7	17.8	35.8	3.1	11.5	34.5	5.4	20.3
DL036	0.0	1.0	42%	33.1	6.4	5.2	44.3	7.4	6.0	22.8	2.7	22.2
DL036	1.0	2.0	18%	30.2	7.5	4.0	42.0	8.5	4.9	22.8	2.8	23.3
DL037	0.0	1.0	47%	38.8	3.3	11.8	46.6	3.9	12.0	21.0	3.0	25.0
DL037	3.0	4.0	50%	41.9	3.5	12.0	46.9	3.9	12.0	20.1	2.9	25.5
DL038	2.0	3.0	63%	24.0	0.4	60.0	26.7	2.3	11.8	49.4	5.3	15.3
DL038	3.0	4.0	69%	28.0	0.5	56.0	30.1	2.1	14.2	44.1	6.0	16.8
DL038	4.0	5.0	77%	22.9	1.0	22.9	27.1	2.5	10.8	47.9	4.9	16.6
DL038	5.0	6.0	52%	22.4	1.2	18.7	27.6	2.3	12.2	47.7	3.4	18.1
DL038	6.0	7.0	73%	37.7	2.5	15.1	42.6	3.0	14.0	25.6	3.4	24.6
DL038	7.0	8.0	59%	33.2	4.7	7.1	40.2	5.4	7.5	26.5	4.0	23.0
DL038	8.0	9.0	39%	29.9	9.0	3.3	40.6	10.0	4.1	23.2	3.0	22.5
DL042	0.0	1.0	86%	22.1	1.2	18.4	28.0	3.9	7.3	48.7	4.2	14.6
DL042	1.0	2.0	80%	14.0	0.7	20.0	18.8	2.8	6.6	62.0	4.8	10.7
DL042	2.0	3.0	84%	19.7	0.7	28.1	23.0	2.8	8.2	54.2	5.1	14.0
DL042	3.0	4.0	70%	16.2	1.9	8.5	20.4	4.5	4.6	57.0	5.4	12.0
DL042	4.0	5.0	69%	19.4	0.9	21.6	22.4	3.6	6.3	53.6	6.6	12.9
DL042	5.0	6.0	81%	21.4	0.9	23.8	24.9	4.1	6.0	49.0	7.1	13.9
DL044	0.0	1.0	69%	13.7	1.3	10.5	20.9	4.0	5.2	61.4	4.2	8.7
DL044	1.0	2.0	78%	12.5	0.5	25.0	17.4	2.5	6.9	65.3	4.1	10.0
DL044	2.0	3.0	70%	21.6	0.7	30.9	23.9	2.1	11.7	54.1	4.5	14.8
DL044	3.0	4.0	68%	23.3	0.8	29.1	25.4	2.5	10.2	51.5	4.6	15.2
DL044	4.0	5.0	86%	22.2	0.6	37.0	25.0	2.5	9.9	52.5	5.0	14.2
DL044	5.0	6.0	78%	22.2	2.2	10.1	26.0	4.6	5.7	48.5	5.6	14.5
DL054	0.0	1.0	56%	19.0	1.0	19.0	25.0	19.3	1.3	35.7	2.6	15.3
DL054	1.0	2.0	67%	41.6	0.8	52.0	45.6	1.6	28.5	22.5	3.0	26.8
DL054	2.0	3.0	66%	28.9	2.8	10.3	52.8	3.5	15.0	11.6	3.0	28.7
DL055	2.0	3.0	52%	37.0	2.1	17.6	43.4	3.3	13.2	24.7	2.7	25.2
DL055	3.0	4.0	52%	32.5	2.3	14.1	39.5	3.0	13.1	29.6	3.6	23.4
DL055	4.0	5.0	49%	31.3	2.0	15.7	37.8	2.9	13.3	31.8	3.6	22.9

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 (Al₂O₃avl)/(Rx SiO₂). "A/S" ratio is Al₂O₃/SiO₂. Values above 10 are excellent.

An application for a further tenement in Tasmania was lodged as EL 37/2101, Westbury.



TIMETABLE: Work program & schedule

The current drilling schedule is shown below, weather permitting:

Drill Cycle	From	To	<u>Rig 1</u>	<u>Rig 2</u>
1	18 Jan	3 Feb	Taralga, Goulburn area Sth NSW	Taralga, Goulburn area Sth NSW
2	15 Feb	3 Mar	Goulburn area Sth NSW	Guyra – Inverell area Nth NSW
3	15 Mar	31 Mar	Binjour QLD (or Tasmania)	Guyra-Inverell-Pindaroi Nth NSW
4	12 Apr	28 Apr	Tasmania (or Binjour QLD)	Guyra-Inverell-Pindaroi-Merriwa Nth-Central NSW
5	10 May	26 May	Binjour QLD & Sth QLD area	Large Metallurgical Samples

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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.

About Australian Bauxite Limited: ASX Code ABZ

Australian Bauxite Limited (ABx) holds the core of the newly discovered Eastern Australian Bauxite Province. Its 32 bauxite tenements in Queensland, NSW and Tasmania covering 7,537 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 tonnes has been reported from drilling 15% to 20% of the area prospective for bauxite and a resource of 12 million tonnes of bauxite has been reported at the Taralga project in southern NSW based on limited, first-pass reconnaissance drilling. 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 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. Drilling of the ABx bauxite discoveries in Tasmania has only recently commenced but bauxite is confirmed to extend over relatively large areas.



Figure 5: Project Tenements and Major Infrastructure – February 2011