AUSTRALIAN BAUXITE LIMITED
ASX: ABZ

ASX ANNOUNCEMENT
24 July 2012

Tasmanian Bauxite Project Taking Shape in Midlands Near Ports
Scoping Study of Economic Potential To Commence in September
Supportive Customer Sort for Offtake

- **334 holes & 1,521 samples have defined best bauxite zones in central Northern Tasmania**
- **Newly granted tenements secure the areas where bauxite extraction may be acceptable**
- **Preliminary economic assessments suggest bauxite locations are potentially viable**
- **Community consultation has been generally positive about potential development**
- **Once best resources are defined, a scoping study will commence in September and report on economic potential before year-end**
- **Discussions with potential offtake customers will commence early to ensure that the Tasmanian investment situation is understood**

Emerging bauxite exploration and development company, Australian Bauxite Limited (**ABx, ASX Code ABZ**) has received laboratory and exploration results from drilling and surface exploration at its newly consolidated 11 Tasmanian exploration tenements totalling 1,897 square kilometres in central Northern Tasmania (see Figure 1).

334 drill holes and 1,521 surface samples (some of substantial size) have been completed in Tasmania over the past 18 months and all results have been carefully assessed so as to define areas that may be suitable for a bauxite extraction and export project on the basis of:

1. Sufficient tonnages of thick, good quality low-silica, gibbsite-rich bauxite
2. Nearness to high-capacity transport routes linked to nearby mineral export ports
3. Most importantly, as free as possible of socio-environmental constraints that might prevent investment in a new business in central Northern Tasmania

As a result of this assessment, 2 outlying tenements are to be relinquished and 2 new tenements secured in areas of quarrying and cleared lands that contain bauxite. 1 new tenement has been offered for grant and 2 applications are pending. Community consultation and expert advice has led to a greater level of confidence that bauxite extraction could be viable in several of these areas once sufficient resources are identified and required approvals obtained.

Australian Bauxite CEO Ian Levy said; "Investing in Tasmania is only done after careful consideration of the risk-rewards situation based on expert advice. It requires an understanding of Tasmania's special circumstances.

"We believe that with goodwill and common sense, ABx can develop a viable project in Tasmania."

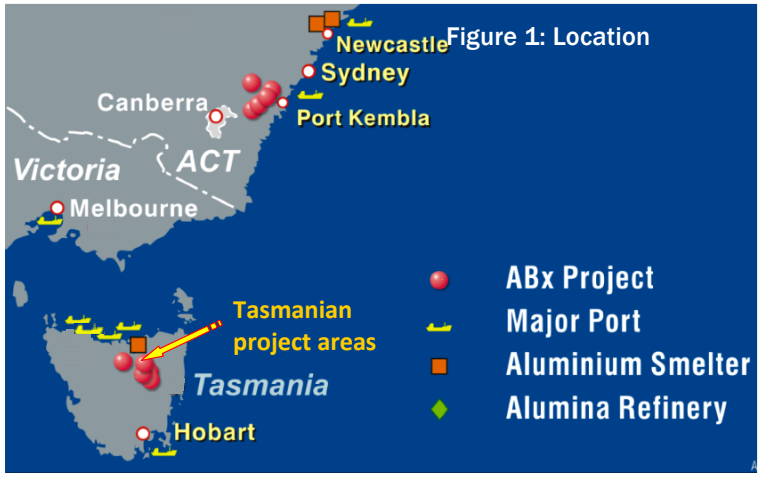

Figure 1: Location

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Logistical Setting

Central Northern Tasmania has good infrastructure, with an operating rail line passing through the bauxite areas as well as heavy haulage highways. Both rail and road link directly to efficient operating mineral export ports at Burnie and Bell Bay that have spare port capacity (see Figure 2).

Tasmania has a well-developed electric power grid based mainly on hydroelectric power and has ample water supplies in most areas. Natural gas from the Bass Strait field is distributed throughout Tasmania and there are many well-established population centres throughout the region.

Coal mining occurs in the Fingal Valley area east of the main bauxite areas and large cement works are operating in the area south of Devonport to the west of the bauxite areas.

Central Northern Tasmania has some of Australia's best steel fabrication and heavy machinery workshops as well as highly experienced earth moving and construction contractors.

In summary, the Tasmanian bauxite project areas in central Northern Tasmania are near regional cities, power, water and a pro-development workforce.

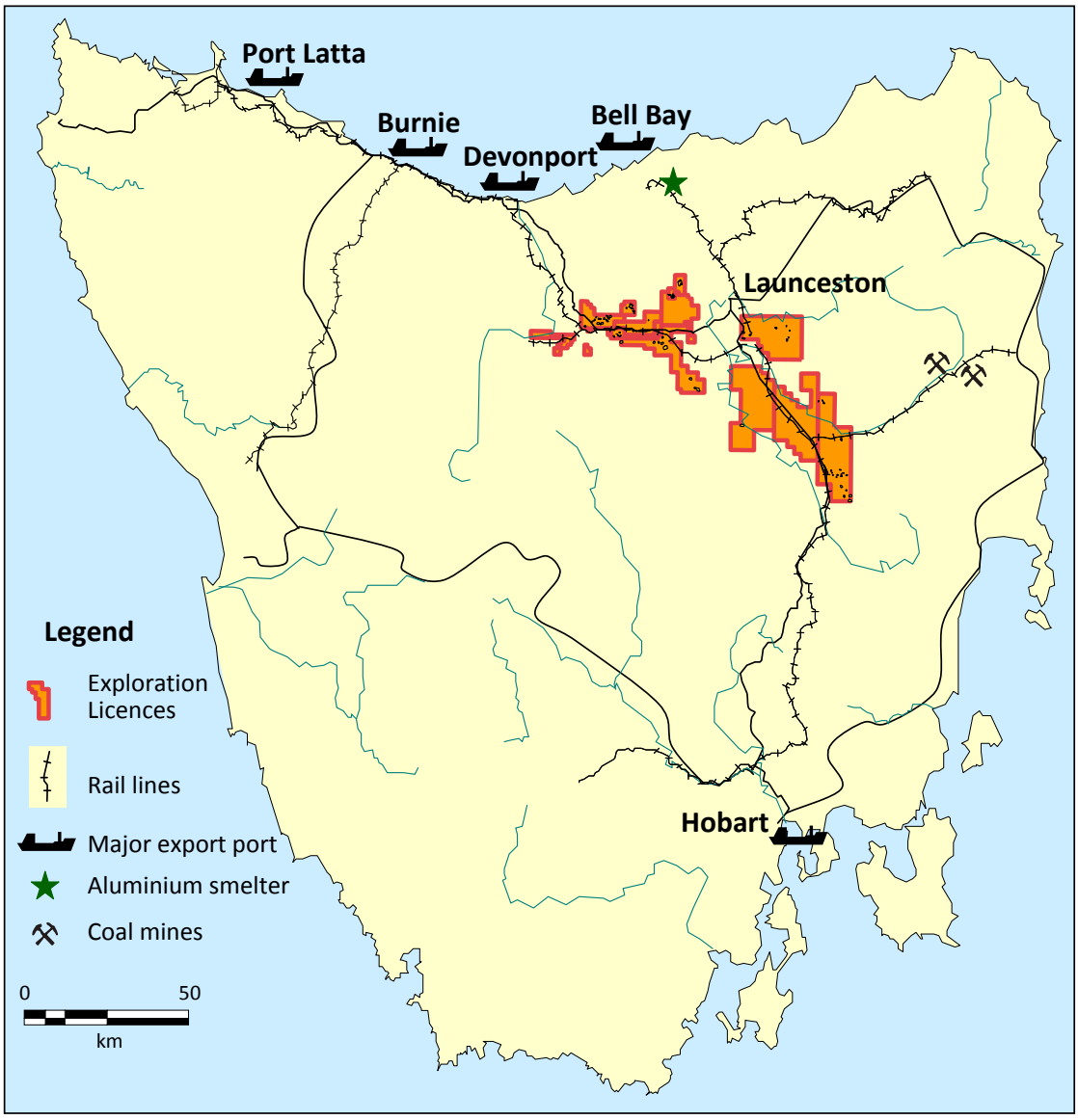

Figure 2: ABx Tasmanian Bauxite Tenements, Drillhole Locations (dots) and Infrastructure

Bauxite Quality

To date, 11 target areas have been identified, numbered 1 to 11 in Figure 3 below.

Figure 3: ABx Tenements and 11 Bauxite Locations (numbered)

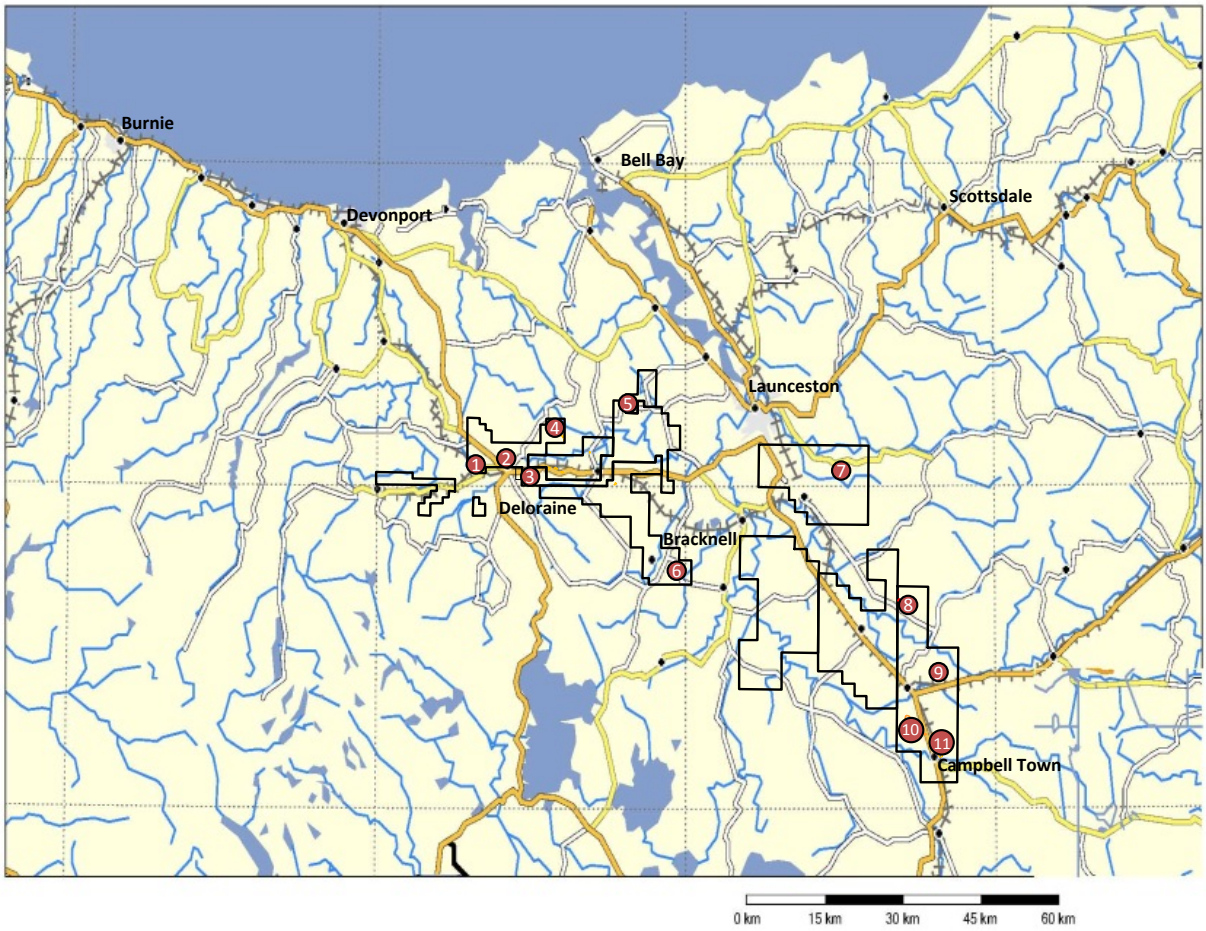

Table 1 shows the typical surface sample results from the DSO Bauxite (see definitions) discovered in these locations. Table 2 shows some of the drillhole results from the bauxite zones targeted for follow-up drilling in the near future. These initial drillhole results confirm that potentially economic thicknesses and grades of bauxite occur within the bauxite discovery areas in Tasmania.

Table 1: Surface Samples of Bauxite from Target Areas, Central Northern Tasmania

	Al_2O_3avl %	Rx SiO_2 %	Avl/Rx Ratio	Al_2O_3 %	SiO_2 %	A/S Ratio	Fe_2O_3 %	TiO_2 %	LOI %
Area 1 samples	**Raw Sample Unsieved**								
1	51.8	2.2	**23.5**	59.4	2.9	**20.3**	5.6	1.6	30.2
2	56.4	1.8	**31.3**	59.7	2.4	**24.6**	4.9	1.0	31.6
3	46.8	0.9	**52.0**	50.9	1.4	**35.8**	16.8	2.2	28.3
4	47.8	1.3	**36.8**	52.2	1.9	**27.2**	14.5	2.0	29.0
5	44.2	0.8	**55.3**	53.6	1.6	**33.3**	15.3	2.0	26.6

Table 1 continued: Surface Samples of Bauxite from Target Areas, Central Northern Tasmania

	Al_2O_3avl %	Rx SiO_2 %	Avl/Rx Ratio	Al_2O_3 %	SiO_2 %	A/S Ratio	Fe_2O_3 %	TiO_2 %	LOI %
Area 4 samples	Raw Sample Unsieved								
1	29.6	1.1	**26.9**	33.7	1.7	**19.6**	35.0	7.7	20.8
2	27.9	1.2	**23.3**	31.8	3.6	**9.0**	42.4	4.2	17.1
3	27.0	0.7	**38.6**	32.3	1.6	**20.6**	42.0	5.1	18.3
4	24.4	2.4	**10.2**	31.2	8.3	**3.8**	37.9	4.4	17.4
5	31.5	1.1	**28.6**	35.5	4.7	**7.6**	32.9	6.3	19.7
6	21.0	8.1	2.6	34.3	17.1	2.0	26.8	1.0	20.2
7	34.1	2.8	**12.2**	42.1	9.6	4.4	21.2	1.2	25.5
8	20.1	7.5	2.7	32.1	14.6	2.2	32.3	0.9	19.4
9	27.1	4.1	6.6	32.4	5.7	5.7	37.8	4.3	18.9
Area 5 samples	Raw Sample Unsieved								
1	38.6	2.3	**16.8**	44.7	3.1	**14.2**	23.4	2.6	25.7
2	36.4	2.7	**13.5**	42.3	3.9	**10.9**	25.7	1.6	26.0
3	38.4	1.5	**25.6**	45.0	2.2	**20.1**	25.7	2.3	24.2
4	15.0	5.9	2.5	24.1	6.7	3.6	46.3	3.4	18.5
5	34.0	3.0	**11.3**	39.8	3.7	**10.8**	28.5	3.8	23.6
6	18.2	5.8	3.1	26.8	8.3	3.2	45.0	1.0	18.5
Area 6 samples	Raw Sample Unsieved								
1	28.2	7.9	3.6	38.6	11.3	3.4	29.5	1.5	18.5
2	35.6	5.4	6.6	42.0	7.3	5.8	22.8	2.4	25.0

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 (Al_2O_3 Avl)/(Rx SiO_2) and "A/S" ratio is Al2O3/SiO2. Values above 10 are excellent.

Table 2: Drillhole Intercepts of Bauxite from Target Areas, Central Northern Tasmania

From	To	Al_2O_3avl %	Rx SiO_2 %	Avl/Rx Ratio	Al_2O_3 %	SiO_2 %	A/S Ratio	Fe_2O_3 %	TiO_2 %	LOI %	Yield %
Area 2 Hole		Sieved at 0.26mm									
0	1	38.1	1.9	**20.1**	44.4	2.5	**18.0**	24.2	2.7	25.6	57%
1	2	44.5	3.5	**12.7**	49.5	3.8	**13.1**	15.6	2.5	28.1	49%
2	3	44.0	4.0	**11.0**	49.2	4.5	**11.0**	16.0	2.0	28.0	39%
3	4	42.5	3.1	**13.7**	48.1	3.5	**13.7**	18.3	2.3	27.3	20%
4	5	37.7	7.4	5.1	46.4	8.2	5.7	17.7	1.5	25.8	8%
Area 3 Hole		Sieved at 0.26mm									**Yld**
0	1	31.4	4.5	7.0	38.2	9.6	4.0	26.0	2.9	22.3	62%
1	2	41.4	0.7	**59.1**	44.4	1.1	**41.1**	25.6	2.7	25.5	77%
2	3	44.1	0.9	**49.0**	46.4	1.3	**36.8**	22.2	2.9	26.5	78%
3	4	40.2	1.5	**26.8**	44.3	2.0	**21.7**	24.4	3.1	25.4	80%
4	5	37.8	2.6	**14.5**	42.9	3.3	**13.1**	25.3	3.2	24.5	62%
5	6	33.9	5.1	6.6	40.6	5.8	7.0	25.9	3.8	22.9	56%
6	7	28.9	5.8	5.0	37.2	6.7	5.6	29.2	3.9	21.5	77%

Table 2 continued: Drillhole Intercepts of Bauxite from Target Areas, Central Northern Tasmania

From	To	Al_2O_3avl %	Rx SiO_2 %	Avl/Rx Ratio	Al_2O_3 %	SiO_2 %	A/S Ratio	Fe_2O_3 %	TiO_2 %	LOI %	Yield %
Area 7 Hole		Sieved at 0.26mm									**Yld**
0	1	17.2	3.5	4.9	25.8	4.7	5.5	49.4	5.6	13.9	73%
1	2	33.6	2.1	**16.0**	38.8	2.7	**14.3**	31.1	4.4	22.4	62%
2	3	31.7	4.2	7.5	38.7	5.1	7.6	28.6	4.0	22.9	49%
3	4	20.9	1.8	**11.6**	26.3	5.3	4.9	47.0	2.5	17.9	44%
4	5	5.9	11.1	0.5	18.2	28.0	0.6	39.5	1.4	11.8	22%
Area 8 Hole		Sieved at 0.26mm									**Yld**
0	1	28.3	2.2	**12.9**	33.6	4.6	7.4	38.6	3.5	19.1	52%
1	2	36.0	1.3	**27.7**	38.7	1.7	**22.2**	31.1	4.4	23.5	44%
2	3	54.0	1.0	**54.0**	54.4	1.3	**42.5**	12.4	1.7	29.9	51%
3	4	43.1	5.4	8.0	50.0	6.2	8.0	16.4	1.1	25.7	5%
4	5	42.0	5.7	7.4	48.7	6.8	7.2	15.6	1.0	27.3	11%
Area 9 Hole		Sieved at 0.26mm									**Yld**
0	1	2.3	9.9	0.2	15.6	24.7	0.6	47.3	3.0	8.9	22%
1	2	6.2	9.4	0.7	18.8	16.4	1.1	48.7	4.6	10.7	43%
2	3	24.3	2.6	9.3	30.3	3.9	7.8	41.2	5.8	17.9	75%
3	4	26.9	1.9	**14.2**	31.3	2.5	**12.4**	39.4	7.5	18.3	67%
4	5	31.4	0.5	**62.8**	33.8	0.9	**36.7**	36.7	8.1	19.6	45%
5	6	48.4	0.5	**96.8**	49.3	0.8	**65.7**	19.2	2.7	27.5	52%
6	7	45.3	0.6	**75.5**	46.8	0.9	**49.8**	22.4	2.3	26.9	54%
7	8	36.4	2.5	**14.6**	41.5	3.0	**13.7**	27.7	2.3	24.8	51%
8	9	39.2	7.7	5.1	47.7	8.6	5.6	15.9	1.6	25.8	30%
9	10	45.6	5.2	8.8	50.3	5.7	8.8	14.5	1.7	27.3	32%
10	11	46.9	5.6	8.4	51.9	6.3	8.3	12.3	0.9	28.2	14%
11	12	10.2	13.9	0.7	26.1	15.7	1.7	38.7	1.5	16.7	3%
Area 10 Hole		Sieved at 0.26mm									**Yld**
0	1	33.4	1.2	**27.8**	37.7	2.2	**17.1**	32.4	3.8	23.2	61%
1	2	34.9	0.8	**43.6**	38.3	1.5	**25.5**	32.3	3.3	23.8	66%
2	3	41.6	1.7	**24.5**	45.9	2.3	**20.4**	22.3	2.3	26.6	56%
3	4	39.7	3.0	**13.2**	45.0	3.6	**12.6**	22.4	2.4	26.0	35%
4	5	43.2	4.0	**10.8**	49.2	4.8	**10.2**	16.1	1.6	27.8	30%
5	6	45.8	4.7	9.7	52.1	5.5	9.6	12.2	1.3	28.6	37%
6	7	38.6	5.5	7.0	48.5	6.8	7.1	16.0	1.5	26.7	29%
7	8	27.6	9.5	2.9	39.7	11.0	3.6	24.1	2.1	22.4	16%
Area 11 Hole		Sieved at 0.26mm									**Yld**
0	1	32.9	1.0	**32.9**	37.5	1.9	**19.5**	34.8	3.7	21.3	61%
1	2	35.0	1.2	**29.2**	39.0	2.1	**18.2**	31.2	4.4	22.4	56%
2	3	30.9	1.3	**23.8**	34.9	2.2	**15.9**	37.2	4.9	20.0	69%
3	4	22.2	12.5	1.8	35.2	13.7	2.6	27.1	4.7	18.6	50%
4	5	2.5	22.1	0.1	23.1	23.9	1.0	36.2	3.7	12.0	30%

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 (Al_2O_3 Avl)/(Rx SiO_2) and "A/S" ratio is Al2O3/SiO2. Values above 10 are excellent. Yield is for screening all samples at 0.26mm. Significant tonnages requiring no screening will have 100% yield.

These holes demonstrate that there are high grade bauxite zones within the Tasmanian bauxite target areas. Not all of the areas have been drilled.

Bauxite Cross Sections

Two cross-sections from the Meadowbank area (Target Area 10 in Figure 3) are shown in Figure 4 below:

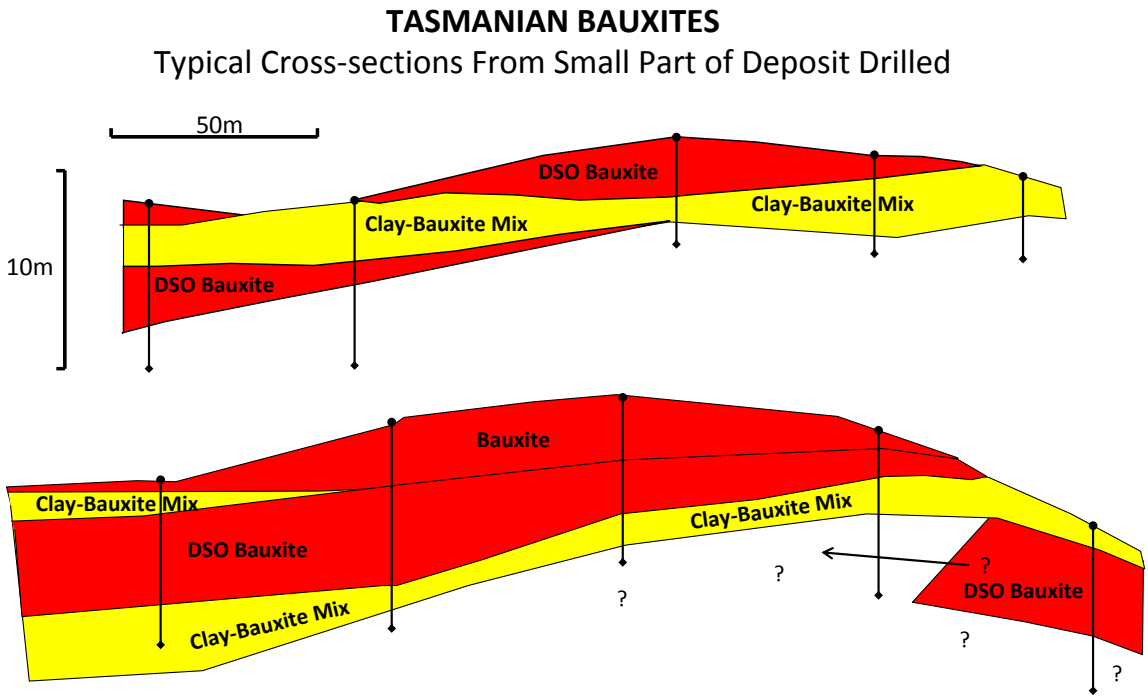

Figure 4: Two Cross-Sections Through a Small Part of The Meadowbank Bauxite Deposit

Whilst only a small part of one deposit, these sections suggest reasonable continuity of the main bauxite zones, most of which are DSO Bauxite.

All bauxite types from Tasmania appear to benefit from washing and screening, especially the clay-bauxite mix material but much of the deposits can be shipped without processing.

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Licence No	Project	Status	Size Sq km
EL 4/2010	Evandale	Granted	197
EL 5/2010	Powranna	Granted	234
EL 6/2010	Cleveland	Granted	209
EL 7/2010	Conara	Granted	238
EL 9/2010	Deloraine	Granted	224
EL 14/ 2010	Myalla	Granted	80
EL 37/2010	Westbury	Granted	237
EL 5/2011	Sassafras	Granted	30
ELA 3/2012	Ross	Application	174
ELA 12/2012	Scottsdale	Application	128
	Reedy Marsh	Application	146
Tasmania Tenement Schedule			**1,897**

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About Australian Bauxite Limited: ASX Code ABZ

Australian Bauxite Limited (**ABx**) holds the core of the newly discovered Eastern Australian Bauxite Province. Its 38 bauxite tenements in Queensland, NSW and Tasmania covering 8,250 km^2 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 106.4 million tonnes.** At the company's first drilling prospect in Inverell, northern NSW, a resource of 38.0 million tonnes[1] has been reported from drilling 15% to 20% of the area prospective for bauxite and a resource of 37.9 million tonnes[2] of bauxite has been reported at the Taralga project in southern NSW. A 6.0 million tonnes maiden resource was declared at Guyra[3]. A 24.5 million tonnes[4] 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 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 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.

JORC Compliant Resource Statements

The following are Joint Ore Reserve Code ("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] 08/05/2012 ASX Inverell JORC Resource Update, 38.0 Million Tonnes

[2] 30/05/2012 ASX Taralga Bauxite Resource Increased 50% to 37.9 Million Tonnes

[3] 15/08/2011 ASX Maiden Guyra Resource, 6.0 Million Tonnes

[4] 29/07/2012 ASX Binjour Maiden Resource, 24.5 Million Tonnes

Direct Shipping Bauxite or "Direct Shipping "Ore"

All references in this report to direct shipping bauxite or direct shipping ore (DSO) refers to the company's exploration objective of defining or identifying DSO grade mineralisation.

True Width

The true-width of the deposit is not known and will be determined by further resource definition drilling.

Definitions

DSO bauxite	Bauxite that can be exported directly with minimal processing.

Figure 5: Project Tenements and Major Infrastructure – 3Qtr 2012