



AUSTRALIAN BAUXITE LIMITED
ASX:ABZ

ASX ANNOUNCEMENT
7 June 2011

**About Australian Bauxite Limited:
ASX Code ABZ**

Australian Bauxite Limited (ABx) holds the core of the newly discovered Eastern Australian Bauxite Province. Its 35 bauxite tenements in Queensland, NSW and Tasmania covering close to 8,000 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.

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. Laboratory results from recent drilling of the ABx discoveries of bauxite in Tasmania are yet to be evaluated, however, bauxite is confirmed to extend over relatively large areas.

COMPANY UPDATE

VIDEO INTERVIEW WITH MANAGING DIRECTOR

Chief Executive Officer, Ian Levy, discusses the progress of Australian Bauxite. The interview can be viewed at this [link](#).

Transcription of Finance News Network Interview with Australian Bauxite Limited (ASX: ABZ) CEO, Ian Levy

Lelde Smits: Hello Lelde Smits reporting for the Finance News Network. Joining me today from Australian Bauxite is CEO, Ian Levy. Ian, welcome to FNN. Could you start by introducing Australian Bauxite?

Ian Levy: Well, Australian Bauxite is a newly listed company in that we listed in late 2009. A lot of the work had been done in the prior years planning this strategy. Our ambition is to be in production during 2014 and possibly earlier if we can, to capitalise on what we see as a major change in the bauxite global trade position, particularly relating to China and to India.

We're a pure bauxite business focused on the eastern side of Australia, and we've got some 33 tenements, more than 2,700 square kilometres of land, and we've got two very advanced projects that are looking like potential development targets. And, we're hoping that we can add value to the shareholder base, particularly as bauxite is the next emerging major mineral industry after iron ore and coal.

Lelde Smits: Now, for investors not familiar with your stock, where is your share price now, what's your market cap and what has your stock done over the past year?

Ian Levy: Good point. We've got about 100 million shares on issue and they're trading in a 60 to 70 cent price range at the moment, so we've got a market cap of about AUD\$60-70 million. We listed in late December 2009 at 20 cents and our shares have risen fairly steadily up into that 60 to 70 cent price range. So we've multiplied about three times.

Lelde Smits: We hear a lot about the market for gold, coal and iron ore but not bauxite, bauxite's the ore for aluminium. What's the market been doing?

Ian Levy: Well, bauxite is the next emerging major seaborne trade mineral commodity after iron ore and coal. It started a few years later than iron ore and coal and its best years are just ahead of us, probably starting in 2014. The global dynamics for bauxite have been driven by a dramatic change in the market for bauxite in China. China has built huge facilities, bigger than the rest of the world. They're very, very large processing facilities and they need supply. Australia is the most logical supplier of that bauxite.

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Our main competitor is Indonesia, and Indonesia has a limited capacity and Australia has a lot of surplus capacity in the bauxite space. So the whole business strategy for Australian Bauxite Limited which started in 2006 – the business strategy did – was to be in production in 2014 when we see Indonesian supply becoming constrained, but China's demand continuing to rise. And we're hoping to take a fair chunk of that increased market demand.

Lelde Smits: Thanks Ian. Now to your projects, how many do you have?

Ian Levy: Well, we've got 33 tenements from central Queensland all the way down to Tasmania, but most of the activity is in central Queensland and in NSW. Those 33 tenements cover a massive 2,700 square kilometres and we've got two advanced projects already. One is in central Queensland which could supply the Gladstone refineries with speciality premium quality and premium priced bauxite. And the second one which is probably our most advanced project is centred round about Goulburn southern New South Wales. And we see that as a simple export to the global market through the port of Port Kembla, which is only about 145 kilometres from Goulburn.

In that Goulburn area our main project is Taralga and we've just announced a doubling of the resource base at Taralga, bringing our total resource base up to over 50 million, with a long-term plan to achieve more than that. And we think that Taralga has all the signs and the related nearby projects, have all the signs of being our first project.

Lelde Smits: And what's your stake in those projects?

Ian Levy: All of our projects are 100 per cent held by us at this point in time.

Lelde Smits: Excellent. So which is the most important?

Ian Levy: Well, we do think the Taralga Project is currently the most important - to try to get that into production fast track. We see the Binjour Project which is up in central Queensland as also being a very high priority. It's an economic deposit if we could use the railway lines to the full capacity of the mine. But the railway lines in that part of Queensland don't match the mine's ability to produce. So we're having negotiations with the Queensland Government over upgrading the rail facilities in that part of Queensland.

Lelde Smits: And when do you anticipate you'll be in production?

Ian Levy: For Taralga as I said before, we're hoping to get into production possibly even late 2013, but more likely early 2014.

Lelde Smits: And will that necessitate bringing in a joint venture partner?

Ian Levy: That's - we're in negotiations with several potential players right now, there's no decision on that at the moment. Mainly because there are several routes through which we could develop the project. If we go small scale we could probably do it ourselves. If we come on larger tonnage, we would probably need a supporting partner, possibly an off take partner, possibly a customer and we're in discussions with several parties right now.

Lelde Smits: Now, I see the Company has a target of 200 million tonnes of reserves. How much do you have now and what's the significance of the 200 million tonne figure?

Ian Levy: Well 200 million tonnes is big. So, if you're in this business you want to be a big player, a significant player. The current resource base after the upgrade at Taralga is in excess of 50 million tonnes and we've achieved that in about 12 months. And we are heavily drilling certain other targets and they will be upgraded with regard resource estimates over the next half of 2011. And I think 2011 is going to be a good year.

Lelde Smits: Now to your financials. How much are you spending each quarter?

Ian Levy: We spend a little bit under \$1 million a quarter and we currently have about \$7.8 million in the bank.

Lelde Smits: So Ian, it looks like you're fully funded in the near term but longer term, will you need to raise additional capital?



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Ian Levy: We don't have any plans at this point in time for any capital raising. We are very well financed and our main objective is to make sure our existing shareholders do share in all the upside. We are a very tightly managed and tightly held company. We have 790 shareholders and the last thing I would ever want to do is dilute my shareholders.

Lelde Smits: Last question Ian. Where would you like to see the Company in the next six to 12 months?

Ian Levy: Six to 12 months, I would like us to declare a project feasibility study on at least one of our projects. I would like to appoint a project development team to start to champion in the development of that project - dealing with the local community, dealing with all the social and environmental issues. And if we could achieve that, that would be a wonderful year.

Lelde Smits: Ian Levy thanks for the update and congratulations on the portfolio.

Ian Levy: Pleasure.

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Qualifying statement

The information in this announcement that relates to Exploration Information and Resources 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.

Targets

The potential quantity and grade of exploration targets is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.