

MEMORANDUM OF UNDERSTANDING SIGNED WITH YANKUANG GROUP CORPORATION LTD

The Board of Perth-based bauxite explorer and developer, Bauxite Resources Ltd (ASX: **BAU**, "BRL") is pleased to announce that it has signed a Memorandum of Understanding (MOU) with Yankuang Group Corporation Ltd ("Yankuang").

Yankuang is a leading industrial corporation based in Shandong Province China with interests in coal mining, electricity generation, manufacturing, aluminium smelting and processing employing some 100,000 people. Yankuang is seeking to vertically integrate its aluminium business and source a long term supply of alumina.

BRL has held a number of discussions with Yankuang over the last year and the MOU formalises the direction of the relationship between our companies. The key targets of the MOU are:

1. To negotiate a direct equity investment in BRL by way of a share placement.
2. To enter into a Heads of Agreement for a Joint Venture for the development of an alumina processing plant in South Western Australia.

The MOU does not create any binding contractual obligations and Yankuang are continuing significant due diligence at a corporate and project level. BRL is working closely with Yankuang and the Board of BRL is pleased with the progress of the relationship formalised with the signing of the MOU.

-ENDS-

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