

BAUXITE RESOURCES LTD 2009 END OF YEAR MARKET UPDATE

Following the release of the operations update of 1 December 2009, Bauxite Resources Limited ("BRL" ASX code BAU) provides the following by way of market update for year end 2009.

2009 Progress and Future Plans

The planned sequence for our development remains as follows:

- Trial shipments to test and refine procedures.
- Commercial scale shipments in 2010.
- Subsequent further increase in commercial scale shipments and secondary treatment.

TRIAL SHIPMENT OPERATIONS

The operations of BRL's stage 1 trial shipments continue. The bauxite extraction of 'free digging' is expected to finish by New Year. The second export shipment is due for departure early in the New Year and the third shipment shortly thereafter.

FURTHER OPERATIONS

The company is continuing to review other bauxite extraction areas outside its current areas of operation within its significant tenement holdings for possible start up operations in the shorter term following EPA assessment. A number of suitable areas have been located and exploration and verification of historical data is progressing well.

APPROVAL PROCESSES

The Shire of Chittering did not accept our application to increase extraction for Commercial Scale Shipments in 2010 from the previous site for trial shipments. The Shire of Chittering ruled that as our proposal was of a commercial scale it constituted Mining-Industrial, and was not within its powers to approve.

BRL has subsequently triggered alternate approval processes through the state government for extraction from nearby mineralised areas. BRL has been offered and accepted advice on approval processes from the Department of State Development and from the Office of the Environmental Protection Authority in December 2009. This advice has come from the most senior levels of those agencies and BRL is grateful for the process assistance. BRL has formally referred our proposed mining and export works for 2010 to the Environmental Protection Authority for assessment. This referral included a comprehensive environmental risk assessment and management strategy specific to operations proposed to be adjacent to the trial mining site.

Parallel to this process, BRL have provided briefings to the Department of Mines and Petroleum, Department of Environment and Conservation and the Chamber of Minerals and Energy as to the proposed BRL scope of works in the future. These briefing sessions have been designed to initiate development of a comprehensive tenement-wide approvals strategy that will comply with all the relevant Local, State and Commonwealth Acts and legislation.



CHINA TRIP POSITIVE OUTCOMES

YANKUANG REFINERY HEADS OF AGREEMENT

In November the recently appointed BRL chairman Barry Carbon, BRL managing director Daniel Tenardi, Director Robert Nash, Operations Manager Terry O'Connor, together with the international marketing team Ben Ziegelaar and Chester Chen visited the Yankuang Group's operations. After intense rounds of negotiations the draft of the Refinery Heads of Agreement was progressed. It is expected that the Yankuang Group will visit BRL's operations early in the New Year to finalise the Refinery Heads of Agreement negotiations and attend a signing ceremony.

BAUXITE OFF-TAKE ARRANGEMENTS PROGRESSING

Whist in China negotiations progressed with BRL's strategic investor Shandong Bureau of Mineralogy (SDGM) and a bauxite marketing proposal was received by BRL from SDGM which is now under consideration. The Shandong Province is recognised as an important market for the company's bauxite, this province in China is wholly reliant upon imported bauxite to feed its five alumina refineries which reportedly imported 24 million tonnes of bauxite in 2008.

SDGM's nominated BRL board director Mr Meng continues to assist BRL in these activities.

BAUXITE MARKETING OUTCOMES

During the trip China extensive meetings were held with BRL's technical marketing team and potential bauxite customers.

To gain acceptance of Darling Range Direct Shipping Ore (DSO) bauxite BRL had to address several misinformed preconceptions about the quality of Darling Range bauxite with its potential longer term customers. These preconceptions were that there was no high grade bauxite in the Darling Range and that Australian bauxite had issues with high reactive silica and boehmite content.

The BRL marketing team were able to meet with a number of key personnel operating alumina refineries and involved in the purchasing of imported bauxite. The team was able to demonstrate that the BRL DSO product is a much higher grade than the preconceptions and is differentiated from north Queensland and Indonesian bauxite.

The relative high extractable alumina and low reactive silica content of BRL bauxite was accepted as a basis for operating cost savings for the refineries.

POSITIVE FEEDBACK ON FIRST TRIAL SHIPMENT'S BAUXITE GRADE

Whilst in China the marketing team was able to view the unloading of the first trial shipment. Independent analysis conducted by the potential Chinese customers revealed that the bauxite grade was a world class 51.5% total alumina content and 2.3% reactive silica with negligible boehmite.

CALCINED BAUXITE BUSINESS CASE

BRL has a medium term business objective to pursue the production of downstream premium grade calcined bauxite product from run of mine (ROM) bauxite from its northern tenements. To produce this product iron oxide has to be removed from the ROM bauxite. The Company is continuing to progress studies on technical, logistical and operational aspects for the production of calcined bauxite. The company continues to receive strong customer interest for this product.

BRL has assisted the construction of a laboratory test facility to enable research to remove iron oxide by an innovative, low environmental impact cost effective method. This facility has just been commissioned and the first test result achieved 70% Fe₂O₃ removal. Early results are promising and the BRL research team is following up on further tests using the local facilities as well as larger scale facilities overseas.

Calcined bauxite has numerous uses; mainly in refractories and abrasives. As such calcined bauxite is a value added product which is easily transported in shipped containers.

Sinclair Knight Merz (SKM) has been contracted by BRL to provide technical and engineering support in order to expedite the development of the calcined bauxite product.

MEDIA - PUBLIC AFFAIRS

Part of BRL's approach to 'low impact mining' will be through structured 'Conversations with the Community'. There will be a Bindoon town hall forum workshop scheduled in the New Year to address issues arising out of the trial operations and the way forward.

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