

BAUXITE NEWS

RESOURCES



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Bauxite Resources starts Mining



BAUXITE Resources Ltd (ASX: BAU, "BRL") has now commenced mining at its inaugural quarry site in North Bindoon. The Company received approval for an Extractive Industries Licence (EIL) and subsequently a Project Management Plan (PMP) has been approved by the Western Australian State Government Department of Mines and Petroleum (DMP) allowing for the commencement of mining operations.

The approvals to commence mining have come in less than 21 months since the listing of Bauxite Resources Ltd on the ASX and 11 months since Managing Director, Dan Tenardi joined BRL. BRL has entered into 'trial spot sample' shipment sales arrangements as a way forward of developing a market for Darling Range bauxite and is in discussions with several groups as a first stage in its ramp up to developing its initial 1million tonnes per annum (mtpa) Direct Shipping Ore (DSO) bauxite business scheduled to commence by first quarter 2010. Ultimately BRL aims to be producing >3mtpa of bauxite as well as value added bauxite products.

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R to L: Hon Brian Ellis, MLC, Cr Judy Tomlinson, Chittering Shire Deputy President and Dan Tenardi, Managing Director, BRL loading the first bauxite for processing



Queensland-based Cape Alumina CEO Dr Paul Messenger with BRL MD Dan Tenardi on site at the commencement of mining operations



BRL's contractors mining processing and crushing plant



Luke Atkins, with Peter Henry Atkins senior and junior at the official mine opening

BRL starts Bauxite Mining

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The Company's planned spot shipments will represent a new era for DSO from the Darling Range, Western Australia being the first commercial export of bauxite in the State's mining history.

The Darling Range is the largest bauxite and alumina producing region in the world, home to four alumina refineries supplying approximately 18% of the world's alumina which is the feedstock for aluminium smelting.

Exporting DSO bauxite from Western Australia enjoys the benefits of proximity to Asian markets, reduced shipping turnaround as well as the availability of existing rail and port infrastructure at Kwinana and Bunbury.

The DSO of bauxite by BRL will put the Company in good stead for the rapidly growing trade in bauxite supplies to Asian alumina refineries which rely upon bauxite feedstock. Bauxite imports into China have grown significantly in recent years with China reportedly forecast to run out of bauxite within 10 years.

BRL now controls the largest tenement land holding in the Darling Range, Western Australia, for bauxite with over 15,000km² of

ground holdings throughout the south west of Western Australia exceeding the combined Darling Range landholdings of bauxite miners and alumina refinery operators Alcoa and BHP.

The North Bindoon operations will supply the bauxite ore for BRL's planned Stage One DSO program.

Mr Meng of SDGM appointed



Non-executive Director

The Board of Directors of BRL is pleased to announce the appointment of Mr Meng Xiangsan as a Non-Executive Director.

Mr Meng is the General Manager of No 1 Geo-Minerals Exploration Institute of Shandong Province, the entity which through an affiliated company recently took a placement of 19.7 million shares in BRL. Mr Meng is an experienced businessman with a technical background and the Board of BRL is pleased to have a person of his calibre as an addition to the Board of Directors.



Left to right: Geoff Pratt (State Manager B&J Catalano), Dan Tenardi (Managing Director BRL) and Ellen Lilly (General Manager B&J Catalano) shovelling the first load of bauxite for processing





Yankuang Group — Darling Range Stage 2— Refinery Project, Tour



Yankuang Group visit BRL Project - seeking alumina for their aluminium smelters

An executive delegation of 5 representatives from the Yankuang Group, China visited BRL to view first hand the Darling Range Projects during the period 19 to 23 June 2009.

Meetings were held in Perth on the morning of 19 June followed by a tour of BRL's mining operators' operations in the Darling Range North Project area where the delegation were able to view a mobile crusher in operation, followed by a tour of BRL's Bindoon Mine area.

On the following two days (22 and 23 June) the Yankuang delegation and BRL representatives flew over BRL's Darling Range tenements and visited the South West region.

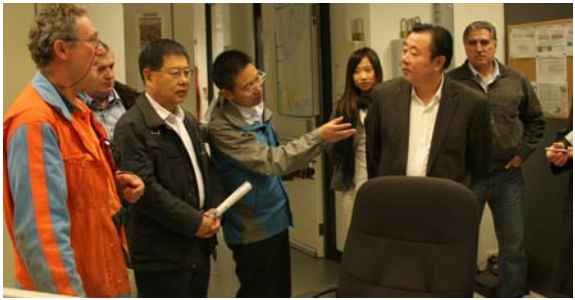
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Left to Right: Mr Yan Jitai, Chairman, Electricity & Aluminium Company of Yankuang Group Co. Ltd; Mr John Castrilli, MLA, Member for Bunbury ; Mr Sun Xinmin, Deputy General Manager, Electricity & Aluminium Company of Yankuang Group Co., Ltd; Mr Luke Atkins, Executive Chairman, BRL and Mr Dan Tenardi, Managing Director, BRL

Yankuang BRL Project Tour

(from Page 3)



A brief overview of the Yankuang delegation's South West visit follows:

Monday 22nd June:

- Flew from Perth to Busselton by charter, flying over the BRL tenements in the North and South Darling Ranges.
- Transferred to Bunbury for a port inspection and meeting with the Bunbury Port Authority.
- Meeting with the Southwest Development Council who presented an overview of current projects and activity in the Bunbury / South West region.
- Visited the Collie coal fields, followed by a meeting and visit to Griffin Coal operations including their Power Station.

BRL hosted a dinner in Bunbury in the evening which was attended by a number of dignitaries including the Member for Bunbury, Hon John Castrilli, MLA.

Tuesday 23rd June:

- Tour of Bunbury City
- Tour of the Kemerton Industrial Park
- Welcome address by Mr Jim Brosnan, Vice President SIMCOA and Chairman of Bunbury Port Authority, followed by a tour of their operation

- Visit to Verve Energy's Power Station facilities

Wednesday 24th June:

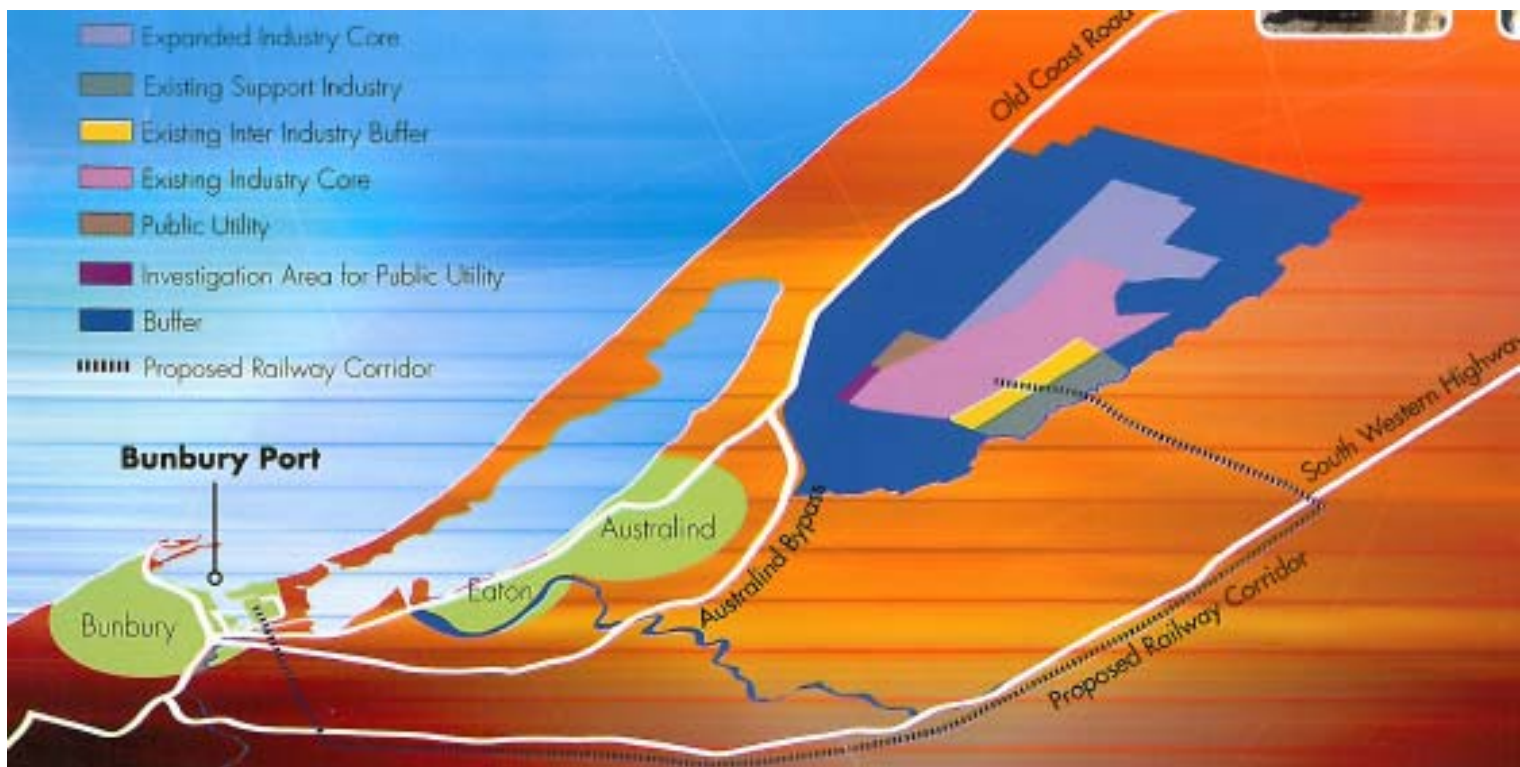
Further meetings were held in BRL's Perth office to discuss matters arising from the trip.

The outcome of the visit was that Yankuang signed a 'high level' Memorandum of Understanding with BRL which outlined a number of key targets that were required to be met prior to any suitable binding contract being entered into.

The terms of the MOU foreshadowed the possibility of (subject to final negotiation):

- A direct equity investment by Yankuang by way of a share placement in BRL; and
- Entering into a Heads of Agreement for a Joint Venture for the development of an alumina refinery in the Darling Range.

Discussions and negotiations are continuing with Yankuang, with a BRL visit to China and Yankuang planned for mid August as Yankuang seeks to vertically integrate to source alumina for its aluminium smelting operations.



Bauxite Requirements in China

“A matter of life or death” for Shandong to secure offshore bauxite resources

The following excerpts come from an article on Chinalco’s website (1 July 2009)

The biggest issue in the Chinese aluminum industry is availability of raw materials. All bauxite feeding Shandong refineries are imported from foreign countries. Bauxite resources in Shanxi Province and Henan Province will run out. In the future most of bauxite demanded by the Chinese refineries will rely on imports.

The companies along the coast will occupy advantageous ground of raw materials. Take a refinery adjacent to port, it can save at least 120RMB (AU\$21) per ton for ground freight. Except Nanshan, all the refineries in Shandong are in the inland areas which incur more logistical costs. So it

becomes crucial for these factories to relocate into the coastal regions.

In order to make the industry bigger and stronger, the bottleneck in supply of bauxite must be well removed.

First, it is important to resolve the malignant competition between the refineries. We must, through the coordination of government, facilitate the integration of resources between the refineries so that they can take joint efforts in procurement of bauxite.

Second, the fundamental measure is to build our own resource bases in the resources-rich countries by funding solely in projects or taking equity in the local companies. Only with such bases in place, the refiner-

ies can tide over the economic fluctuations with ease. The bases will make profits if bauxite price surges. The refineries will benefit if bauxite prices go down. This will help create a kind of hedge mechanism. It is said Japan adopted such resources strategy so that its companies are unruffled whatever happens.

Currently some larger scale refineries and smelters are under construction in Middle East and the competition in the future market is expected to be more brisk. Upon the completion of those projects, the competitiveness will mainly depend on the advantage in resources. Therefore, it is of strategic importance for Shandong to build its overseas bases as soon as possible as it is a matter of life or death to the industry in Shandong.

China Bauxite Imports and Price (CFI to Chinese Port)



The graph above shows that the bauxite prices and imports for China appear to demonstrate the imports and price are now on the upward trend

Background on Yankuang Group - a multi billion dollar Company



Established in 1976, Yankuang Group is a Chinese state-owned conglomerate with coal mining, coal-based chemicals, machinery manufacturing, electricity generation and aluminum smelting (which is reliant upon acquiring alumina) as its main businesses.

By 2007, Yankuang has total assets of 58 billion RMB (AU\$10.5 billion). There are 37 subsidiary companies with a staff of 100,000 in the Group. Its Coal Mining Company is listed on New York Stock Exchange, Hong Kong Stock Exchange and Shanghai Stock Exchange as of 1998. The annual output of coal is about 40 million tons.

The Electricity & Aluminum Company has 9 peat coal and coal-gangue fired power stations with a total installed generation capacity of 527MW and has thus established itself as the biggest power producer of its kind in China.

The smelter has an annual production capacity of 140,000 tons of aluminum and 100,000 tons of baked anode for aluminum purpose. A large aluminum extrusion project with the world largest (150MN) double-action forward extrusion press is under construction. Upon completion in May 2011, the fabrication plant is set to extrude 133,000 tons of aluminum and cast 14,500 tons of ingot. The finished products include high performance heavy section material for train carriage and high performance tubes and bars for other industrial uses.

Sources: www.jkjt.cn; www.wikipedia.org; www.bmlink.com

Exploration Report

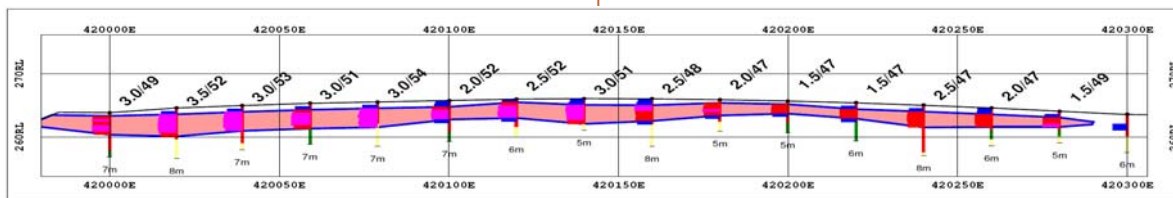
Exploration - on Schedule

BRL's exploration program continues on schedule with completion of first-pass drilling of two area and grade control drilling over the Stage 1 pit and sections of the proposed Stage 2 pit in the North Bindoon region. This area is within BRL's previously reported JORC compliant Inferred Resource of 18.2 million tonnes at 41.3% Total Al₂O₃, 31.6% Available Al₂O₃, and 3.2% Reactive SiO₂.

Assays - better than expected

Assays results from drilling are generally returning better than expected grades and widths of bauxite mineralisation than predicted by historical drilling, providing further support for the company's objective of developing a high grade DSO bauxite export business. Zones consists of extensive blankets of high-grade bauxite mineralisation to 7 metres thickness with average grades of 48 – 50% Total Al₂O₃. Better results from the Bindoon region include 4.0 metres at 52.0% Total Al₂O₃ and 7.5 metres at 51.6% Total Al₂O₃.

Close spaced grade control drilling has confirmed continuity and grade of mineralisation within the Stage 1 pit with a typical section illustrated.



6,530,780N Section through the Stage 1 Starter Pit, Hares Hill. Legend – 3.0/49 = 3 metres at 49% Al₂O₃.

Regional Mapping—defining potential bauxite laterite

Bauxite Resources Ltd is carrying out on-going regional mapping across its leases throughout the Darling Range. The purpose of the work is to map the extent of the laterite in which the bauxite has been preserved and this work has covered approximately 2,000 square kilometres to date and is ongoing. This work has defined greater than 500 square kilometres of potentially bauxitic laterite in the North Darling Range Project and this will provide a focus for prioritising the drilling and further exploration work in this region.

Additional Exploration—Darling Range Exploration Licences now totalling approx 17,000 km²

BRL has applied for a further 13 Exploration Licences in the Darling Range since March 2009.

This brings the total number of granted licences and applications to 81 tenements in the five project areas totalling approximately 17,000 square kilometres. 76 tenements are located in the North, South and East Darling Range project areas, three tenements in the Kimberley project area and two tenement applications in the new Northern Territory project area. Four of these licences have been granted in the North Darling Range Project area comprising 626 square kilometres.



Trialling sonic drill rig at Bindoon North.



Trenching program at Bindoon North to collect bulk samples.

Yearlong vacuum rig used drilling programs in the Darling Range.



Mining Report

Commencement of Bauxite Mining Operations North Bindoon

Mining operations at Bindoon North have commenced with pre stripping of the topsoil. This topsoil has been stockpiled for rehabilitation on completion of the 1st stage pit. Stripping of the overburden material is underway, and a proportion of the coarser material is being utilised for construction of the access haul road. The remaining overburden will be stockpiled for rehabilitation, and further beneficiation test work to upgrade the resource.

All mining mobile equipment and site office amenities and infrastructure have been set up on site and haul road construction is on schedule. The equipment is all the property of mining and haulage contractor, B&J Catalano.

Mine planning and grade control considerations are in place to ensure correct blending and mining control are followed. A grade control sampling program is in place due to late delivery of the off belt sampler, and regular sampling during production will be carried out to ensure the shipping of bauxite exceeds the required customer specification (>48% Total Al₂O₃ and < 7% Total TSiO₂).

Initial mining production rate is expected to be 4,000 tonnes per day and stockpiled to approximately 20,000 tonnes prior to haulage operations commencing.



BRL's mining contractors at work at BRL's bauxite mine

BRL believe ‘thinking globally and acting locally’ means real action on the ground, action where it counts



Chittering Shire's Deputy President, Cr Judy Tomlinson presents BRL with a formal Licence (EIL) to extract bauxite. The Shire and BRL have set new benchmarks for EIL's in WA.



BRL provides engineers, planners and local Councillors with up to date and upfront information for planning approval to ensure local and state government regulations are met, and in some cases exceeded.



Dr Mandy Page of the Australian Wildlife Conservancy joins leading DEC scientist Dr Adrian Wayne from Manjimup, to assess Woylie and wildlife colonisation habitats at Julimar State Conservation Area and at BRL's proposed 'Mooramurra Sanctuary' site



Environment and Public Affairs Manager, Brad Farmer, speaks to a high level Chinese delegation in Bunbury about BRL's social and environment commitments and its strategic relationship building with the EPA and other state government authorities to streamline approvals processes.



Members of the local community have a say in environmental and social impacts to ensure project sustainability. BRL maintains close relations in the communities in which we operate.



BRL continue to investigate ways to support the work of the scientific and conservation community toward disease investigation and predatory controls for the highly endangered Woylie which faces extinction without immediate intervention. Donations to help 'Woylie Rescue' can be made to BRL.

3 generations of the Hare Family have been involved in Land Access to their bauxite rich farming property on Stephens Road, Bindoon. Here, family members join the Hon. Brian Ellis MLC, Member for the Agricultural Region in turning the soil for fresh planting. The group here plant the first BRL tree of many for the progressive mine rehabilitation program. Over 200 screening trees have already been planted along the site bunding. BRL have consulted with local Landcare and property owners to ensure best practice.



The BRL Environment team uses GPS mapping and intensive site inspections to identify any critically endangered flora and fauna habitats. BRL stays well clear of sensitive areas of biodiversity or threatened species and work closely with the environment community to develop strategies to improve habitats.

BRL IN THE MEDIA



Dan Tenardi interviewed ABC Late-line 22/07/ 2009

Excerpt

ABC:

Your company recently signed a memorandum of understanding with a major Chinese industrial company. How important was that MOU for Bauxite Resources?

DAN TENARDI:

It's extremely important for Bauxite Resources because it represents a project of national importance: capital expenditure in the vicinity of \$1.5 billion, 1000 direct jobs, quite a significant project and also an opportunity to introduce downstream processing into our industry over here.



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BRL MD Daniel Tenardi appeared on national ABC TV's 'Lateline Business' recently providing strategic views on the China – Australia relationship. Mr Tenardi's extensive experience in Sino business and cultural relations makes him a highly sought-after and authoritative commentator.



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The Bindoon Show—17 October 2009
 The Inaugural
**BINDOON BAUXITE
 SHOVELLING SHOWDOWN**

Bauxite Resources (BAU) last 6 months share price



\$100M Market Cap

BRL has on issue approximately 151 million shares and, at its current share price of around AUD0.65 has a market capitalisation of circa \$100 million.

In accordance with the Australian Stock Exchange requirements, the technical information contained in this report has been reviewed by Mr. Neil Lithgow, a director of the company. The information in the report to which this statement is attached that relates to Exploration Results and Mineral Resources is based on information reviewed by Mr. Lithgow, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Lithgow has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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 Reserves." Mr. Lithgow consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.