

## **FIRB APPROVAL FOR PLACEMENT TO YANKUANG CORPORATION AND JOINT OWNERSHIP OF PROPOSED ALUMINA REFINERY**

The Board of Bauxite Resources Ltd ("BRL") is pleased to announce that that Yankuang Corporation (Yankuang) has been granted FIRB approval to subscribe for 19.7 million shares in BRL and also for joint ownership with BRL of a proposed Alumina Refinery in the Southwest of Western Australia.

The Chairman Barry Carbon, Managing Director Daniel Tenardi and Director Robert Nash have just returned from China and are still negotiating the final terms of a binding heads of agreement for the development and ownership of the proposed Alumina Refinery pursuant to the Further MOU with Yankuang released to ASX on 18<sup>th</sup> August 2009.

At the EGM held on 26 October 2009 shareholders approved the placement of the 19.7 million shares to Yankuang subject to FIRB approval and the signing of a satisfactory binding Heads of Agreement. Given the receipt of FIRB approval the Board of BRL confirms that it will proceed with the placement of the 19.7 million shares as soon as possible following the successful conclusion of the Heads of Agreement.

The Board negotiated the 50c issue price prior to the share price rising sharply and will honour its commitment. The Board would also like to reiterate the benefits of the proposed agreements for the joint development and ownership of the proposed Alumina Refinery as follows:

The principle terms of the further MOU are as follows:

- 1) An agreement will be established to explore and exploit over time a total area of 1000 square kilometres of BRL's tenements (granted or under application) in the Darling Range in the south west of Western Australia ("Tenement Cooperation Agreement").
- 2) An agreement will be established to explore and exploit BRL's Darling Range South tenements for a total area of 10,000 square kilometres. The costs of the exploration of this area to be shared by BRL and Yankuang 51% and 49% respectively ("Bauxite Resource Joint Venture")
- 3) BRL and Yankuang will undertake all works and studies necessary to obtain a BFS for the development of the proposed alumina refinery. The BFS is to establish refinery grade bauxite of no less than 150,000,000 tonnes (with a target of 300,000,000 million tonnes) and the bauxite will form a dedicated supply to the proposed refinery by BRL. Under the proposed "Alumina Refinery JV Agreement", Yankuang will contribute 75% of the costs of the proposed alumina refinery to earn a 50% interest in the proposed refinery. BRL will receive a 25% free carried interest and will fund a further 25% to bring its interest up to 50%.



- 4) Subject to shareholder and regulatory approval in both China and Australia, Yankuang will subscribe for 19.7 million shares in BRL at a price of \$0.50 per share.

Given that BRL will receive a 25% free carried interest in the proposed Alumina Refinery with a value circa \$375 million and also that the joint venture will supply bauxite to the refinery at cost plus 15% for an expected life of 50 years, the Board of BRL has resolved to proceed with the placement because in the Board's opinion the benefits far outweigh the "cost" of the lower issue price.

**-ENDS-**

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