

AUSTRALIAN **BAUXITE** LIMITED

August 2010

“Better Bauxite”

Bauxite is the ore for aluminium and alumina

ASX Code “ABZ”

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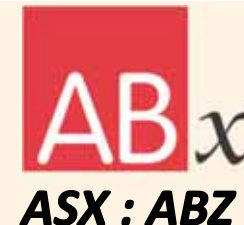
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AUSTRALIAN BAUXITE LIMITED



Forward Looking Statement

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JORC and Competent Person Statement

Information herein relating to Exploration Results, Resources and Resource Targets is based on information compiled by Ian Levy BSc, MSc, who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Geoscientists. Mr Levy is employed by ABx as Chief Executive Officer.

Mr Levy has more than five years experience relevant to the style of mineralisation and type of deposit being reported 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, Minerals Resources and Ore Reserves' (the JORC Code). This report is issued with the prior written consent of the Competent Person as to the form and context in which it appears.

Exploration Target Statement

ABx has an exploration target of 200 to 300 million tonnes of bauxite, based on the Maiden Mineral Resources announced in February 2010 of 22 million tonnes of bauxite from 118 drillholes drilled across an area that is less than 10% of the known bauxite deposits on a single Exploration Lease EL 6997 at Inverell in northern NSW. In accordance with the JORC Code, readers are advised that "the potential quality and grade is conceptual in nature, that there has been insufficient exploration to define full Mineral Resources and that it is uncertain if further exploration will result in the determination of a Mineral Resource". Tenement EL 6997 was the first of 29 tenements to be drilled and ABx sees no reason to vary its exploration target.

Corporate Structure

- **Shares** **85.6 million** ** Plus up to 12m ESOP & Director options*
- **Shareholders** **540**
 - Hudson Resources (founder)* **55.6m (65.0%)** *escrowed to Dec 2011*
 - State One* **5.0m (5.8%)**

Management

- **Directors** ***P Meers, I Levy, J Rebek, V Tan, W Huang***
Secretary: ***H Kinstlinger***
- **Expertise** ***Jacob Rebek – ex CRA (Rio) Chief Geologist Exploration. Discovered Century Zinc 1993 & Eastern Australian Bauxite Province 2006-09***

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ASX : ABZ

Company Overview

- 29 tenements 7,000 km² in QLD, NSW & Tas
- 680 drillholes totalling 7,200 metres
- Maiden resource 22 million tonnes from less than 10% of first deposit drilled
- Bauxite Ore is high quality gibbsite (THA)
Hi alumina 40%-53% Al₂O₃ & Low silica 1.5%-4% SiO₂
- No restrictions on bauxite exports
- Peers delayed by socio-environmental blocks
- 85.6m shares @ 47 cents = A\$40m market cap
- Cash balance at 30 June 2010 = A\$4.8 million
- Annual budget expenditure is A\$2.4m

WHY INVEST?

Big area: 100% owned

Drilling 4^{mths} ahead of plan

200mt is a big deposit

Better than WA bauxite

Can be exported

ABx has many projects

Undervalued but rising

Adequately funded

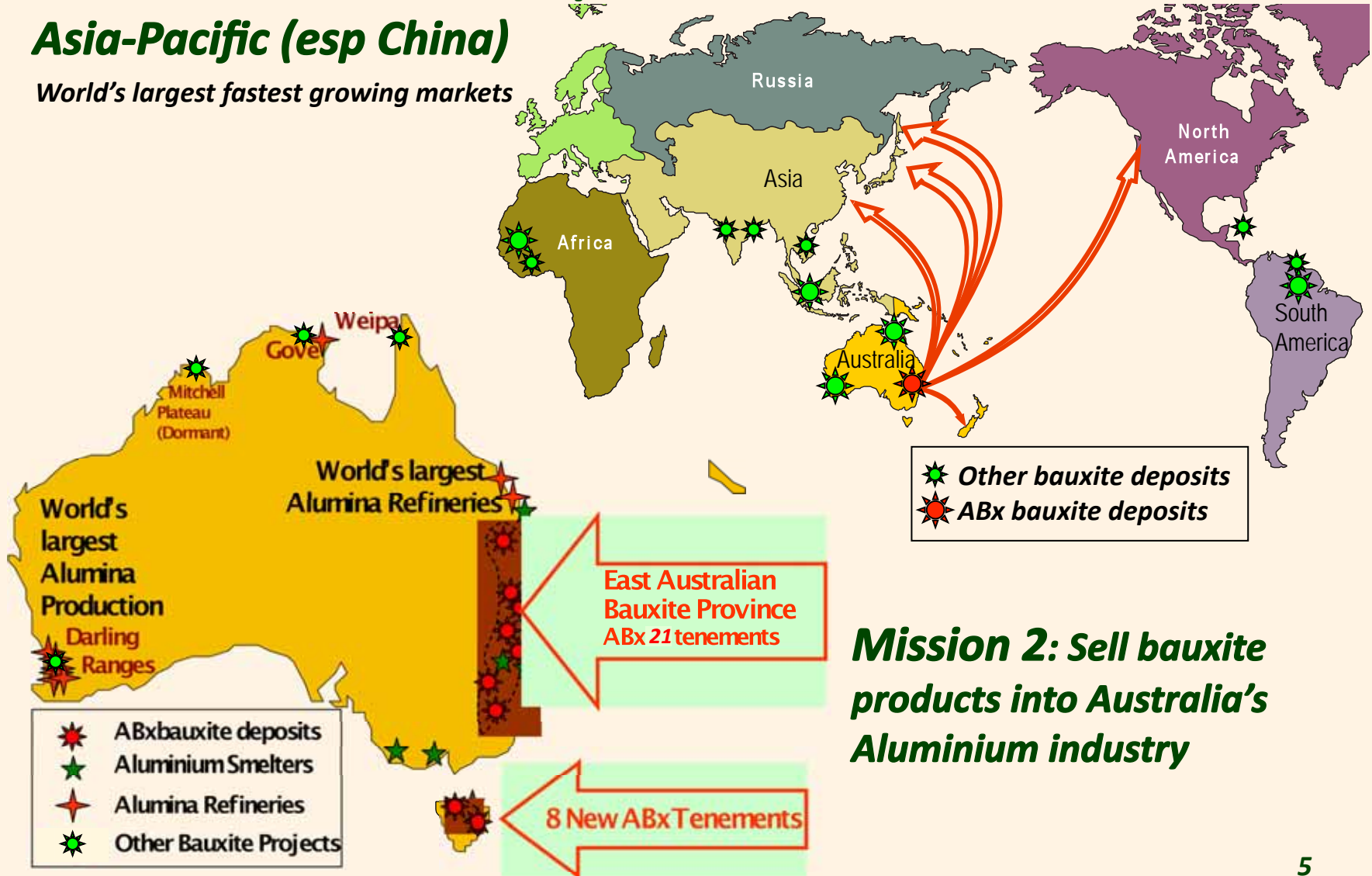
2 years funded

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Mission 1: Sell bauxite products to Asia-Pacific (esp China)

World's largest fastest growing markets



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Share Performance: ABZ was 10th top performing IPO of 2009



ABZ IPO @ A\$0.20 24 Dec 2009

Market Dynamics

DEMAND

- *Aluminium demand is rising in emerging, modern economies - China is largest producer & consumer of aluminium but relies increasingly on imports of bauxite & alumina, mainly from Indonesia and Australia*

SUPPLY

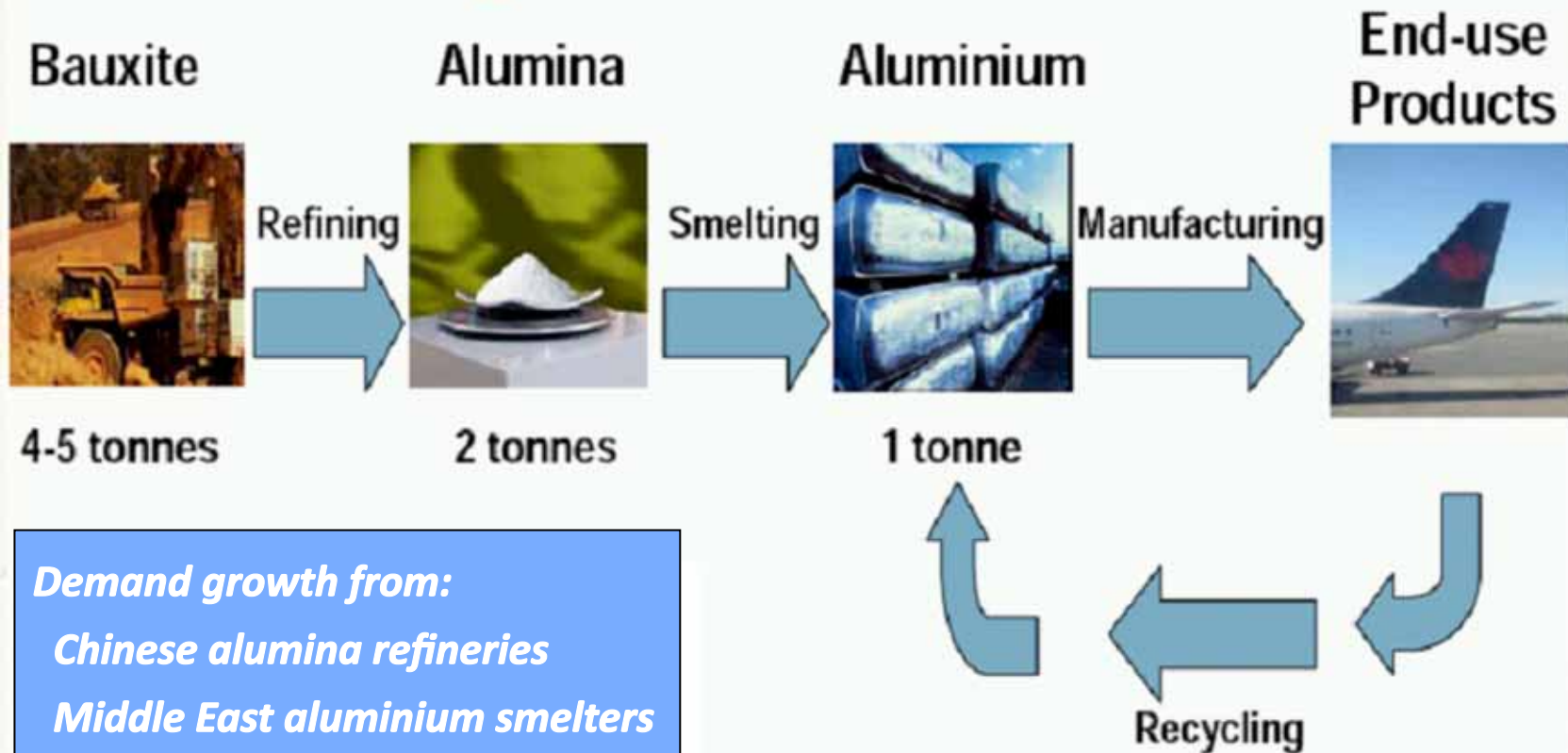
- *Major aluminium companies (the “Big Al’s”) secured the world’s major bauxite occurrences in 1960s as a barrier to entry – China missed out*
- *China, India & Middle East need new bauxite provinces to open-up*

PRICES & COMPETITION FOR AUSTRALIAN BAUXITE

- *Chinese bauxite import price now sets a market price (like iron ore)*
- *Bauxite prices are rising but MUST RISE FURTHER to bring on new supply of bauxite and alumina*
- *China has strong competition from Europe, Brazil, Russia, Australia, India, Middle East & America to secure Australian bauxite resources.*

Aluminium : a very modern metal

The aluminium cycle



Demand growth from:
Chinese alumina refineries
Middle East aluminium smelters
Less vertical integration

Source: ALUMINA LIMITED

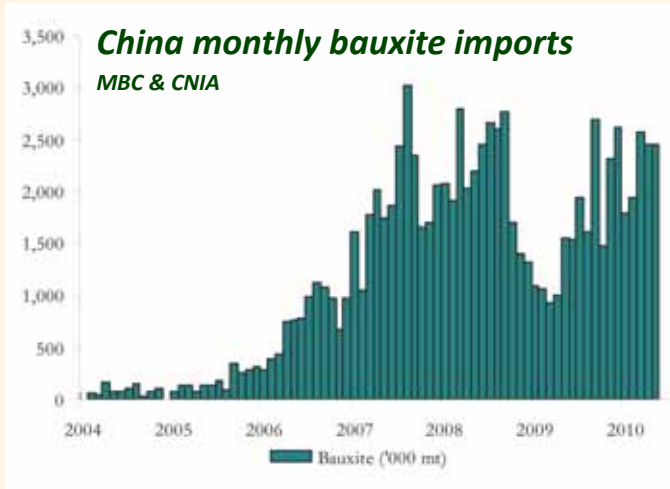
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Market Fundamentals : Asian growth

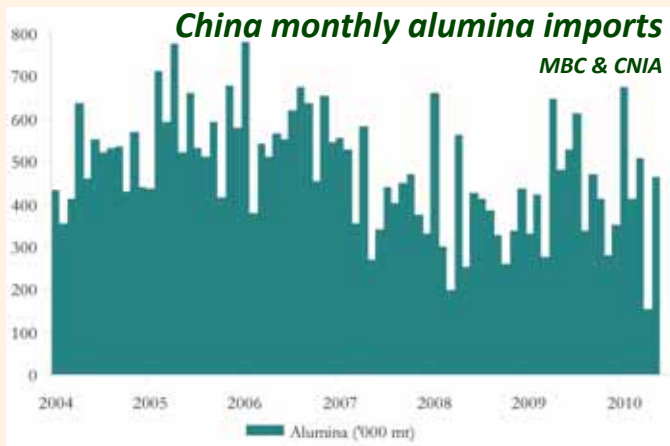
ALCOA		Market Conditions in 2010		
Alcoa End Markets: Current Assessment of 2010 vs. 2009 Conditions				
		North America	Europe	China
	Aerospace			
	Automotive	7%-12% sales growth ↑	3%-8% sales decline ↓	10%-15% sales growth ↑
	Heavy Truck & Trailer	10%-15% sales growth ↑	10%-15% sales growth ↑	10%-15% sales growth ↑
	Beverage Can Packaging	Sales expected to be flat	9% sales growth ↑	7% sales growth ↑
	Commercial Building and Construction	23%-27% sales decline ↓	3%-6% sales decline ↓	10%-15% sales growth ↑
	Industrial Gas Turbine			Strong Growth

Source: Alcoa Analysis

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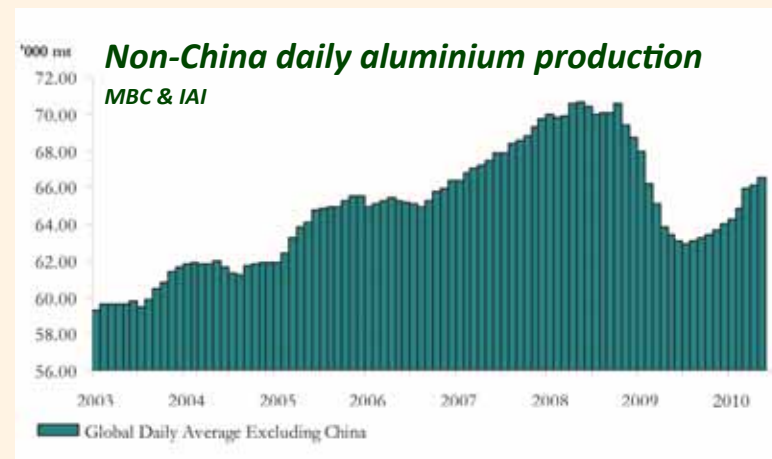


**China Bauxite Imports Growing
- New Alumina Refineries**



**China Alumina Imports Growing
- New Aluminium Smelters**

**Non-China Growing Too
- New Big Smelters**



Strategy: 3 ways to success

1. Direct-Shipping Bauxite “DSO” early cashflows

- *Near-rail/ports: Southern NSW First? Central QLD?*
- *Simple projects: Dig, screen, ship*
- *Potential customers/partners identified*

2. Premium-Grade Bauxite (higher revenues)

- *Adds value, reduces freight*

3. Alumina Refinery Project

- *Regional targets exceed 200 million tonnes bauxite*
- *Major investment – needs strategic alliances*
- *Potential partners identified*

DISCUSSIONS START SEPTEMBER

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4 Provinces – 8 Ports

QLD: Gladstone & Brisbane Ports

- 2 Alumina Refineries at Gladstone
- Aluminium Smelter at Gladstone

Nth NSW: Road-rail to Newcastle

- 2 Aluminium Smelters near Newcastle

Sth NSW: Road-rail to Pt Kembla

- DSO Export



Tasmania – 5 Ports

- Aluminium Smelter at Bell Bay
- 2 Aluminium Smelters in Vic.

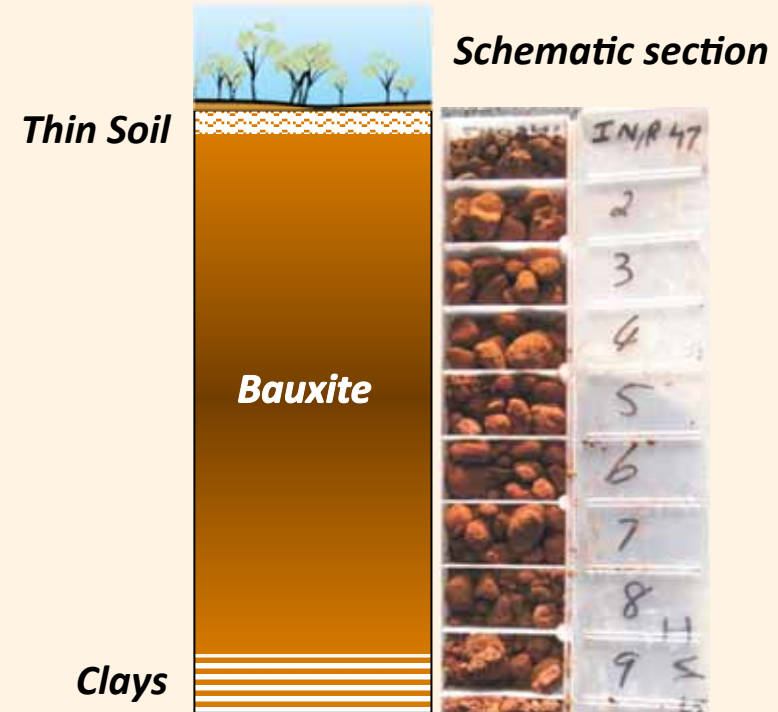
ABx has many projects to choose from

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Major High Grade Discovery at Inverell



Deposit Setting Extensive plateaus of bauxite in grazing farmland Minimal overburden, easy access, near Inverell in a historic mining district



Drill section

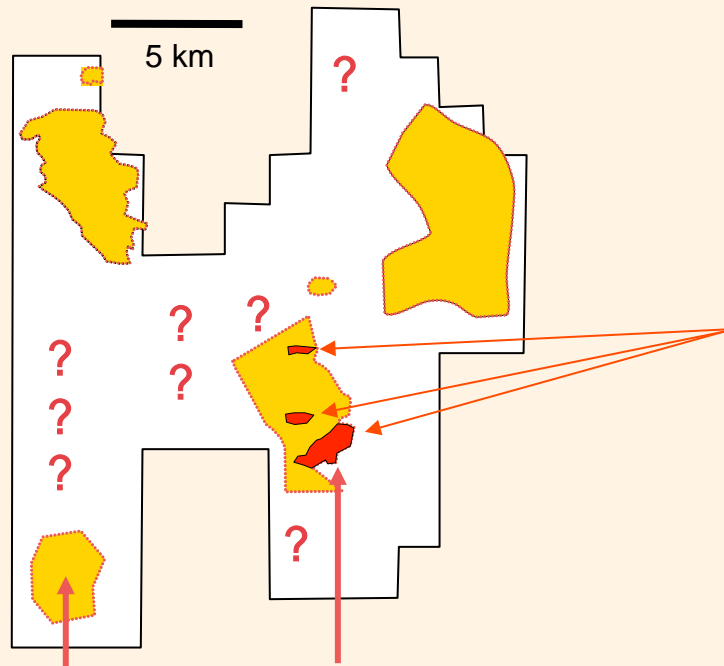


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22 Mt Maiden Resource

Inverell Lease EL6997 & Bauxite Areas



Bauxite areas
(yellow 90 km²)

Maiden resource
areas (red 3 km²) 118
holes

22 million tonnes from less than 10%
of the deposit areas drilled



MAIDEN RESOURCES	Tonnes millions*	Thickness metres	Al ₂ O ₃ %	SiO ₂ %	Fe ₂ O ₃ %	LOI %
Indicated	6Mt	5.1m	38.8%	4.4%	28.1%	22.2%
Inferred	16Mt	5.2m	37.8%	6.5%	27.7%	20.8%
Total	22Mt	5.2m	38.1%	5.9%	27.8%	21.2%

Cut-off grades applied: 2 metres minimum thickness, 32% minimum Al₂O₃ & 8% maximum SiO₂
Less than 10% of known deposit drilled at time of estimation.

August 2010 Update:

- Additional 162 holes completed
- Up to 9.4 metres bauxite intercept
- Average 4.8 – 5.4 metres of bauxite
- Resource upgrade commenced

2010 Drilling Progressing Well

- *162 new holes at Inverell, Nth NSW – resource upgrade commenced*
- *18 new holes at Pindaroi nearby located up to 12 metres of bauxite*
- *115 new holes at Pechey-Geham bauxite deposits in Hampton, Sth QLD intersected up to 13 metres of bauxite – assays soon*
- *75 new holes at Binjour, central QLD intersected up to 11 metres bauxite, assays awaited.*

BINJOUR LOOKS GOOD

Discovery hole hit 9m @ 50.8% Al₂O₃ & 2.8% SiO₂

Screened at 0.26mm 9m @ 53.1% Al₂O₃ & 1.3% SiO₂

- *Drilling is progressing 4 months ahead of schedule – 1000 holes in 2010 should be achieved. Could be 6 months ahead of schedule by year-end.*

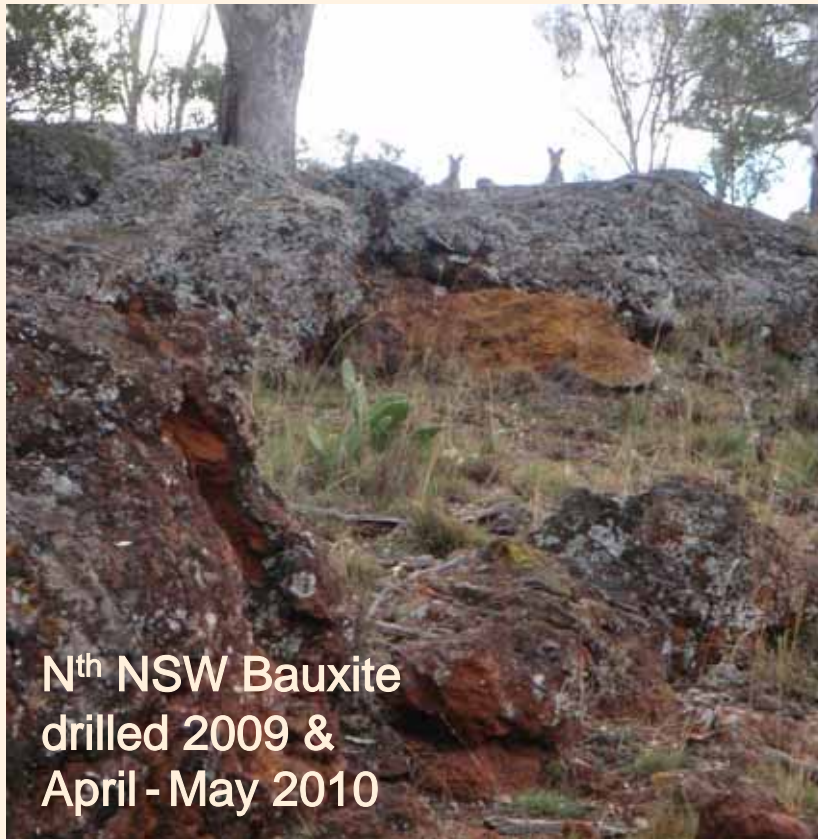
- ***ABZ delivered as promised in March '10 – accelerated exploration***

Outlook & Newsflow

- *Drill a further 350 holes into known bauxite deposits on 6 tenements*
- *Commenced Resource Estimation in late July 2010*
- *Identify “promising” project areas – July & August 2010*
- *Commence discussions with potential partners in Sept-Dec 2010*
Open-door to all potential partners – large balance sheets preferred
- *Advise State Governments of progress – 3 state-significant projects*
- *Complete the 1000 holes target by mid December 2010*
- *Drilling Tasmanian bauxite deposits in Summer*
- *Further Resource Estimations commencing January 2011*

ABZ has many projects to choose from – OPEN FOR BUSINESS

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Nth NSW Bauxite
drilled 2009 &
April - May 2010

Inverell EL6997



Sth QLD Bauxite
drilled May - July 2010

Haden EPM17830 in QLD: bauxite outcrop.

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Pechey Bauxite Deposit Sth QLD
drilled May-June 2010



Geham Bauxite Sth QLD –
drilled June 2010

