

DECEMBER 2009 QUARTERLY REPORT

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ASX Code: BAU

BAU: 214m shares

Market Cap (31 December 2009)

BAU: A\$184 (Based on 86c)

Cash: A\$61M

Directors:

Barry Carbon (AM) - Chairman

Dan Tenardi - Managing Director

Luke Atkins - Non Exec Director

David McSweeney - Non Exec Director

Neil Lithgow - Non Exec Director

Robert Nash - Non Exec Director

Meng Xiangsan - Non Executive Director

Paul Fromson - Company Secretary

EXECUTIVE SUMMARY

TRIAL DIRECT SHIPPING ORE (DSO) OF BAUXITE COMMENCED

- Maiden trial sample shipment of 43,000t premium Darling Range bauxite left Kwinana port for Yantai Port Shandong Province, China in November 2009
- Second 44,000t shipment left for China on 30 Dec 2009
- Third shipment due for export early February
- Hongfan Holdings in China, received first shipment, grades exceeded specifications

MANAGEMENT MARKETING TRIP TO CHINA

- Successful marketing trip to China and signing of sales Memorandum of Understanding (MOU) with JFE Trade Corporation
- Sales contract signed with Hongfan Holdings, leading Chinese bauxite importer
- Chinese refineries have now accepted the relative high extractable alumina and low reactive silica content of Darling Range bauxite as a basis for alumina refinery operating cost savings

EXECUTIVE TEAM ENHANCED WITH APPOINTMENT OF BARRY CARBON (AM) AS CHAIRMAN AND OTHER SENIOR APPOINTMENTS

- Mr Carbon is the past Chairman and CEO of Western Australian Environmental Protection Authority

FIRB APPROVAL FOR PLACEMENT AND ALUMINA JOINT VENTURE

- FIRB approval obtained for 19.7M share placement and 50/50 Alumina Joint Venture with Yankuang Corporation

RECEIPT OF \$57m PLACEMENT MONIES

- Executive marketing presentation road show results in \$57M from placement of 60,000,000 fully paid ordinary shares at 95c

LABORATORY SETUP FOR RESEARCH AND DEVELOPMENT

- Affiliation with existing laboratory initiated to expedite drilling test results and consolidate the research and development program

ENVIRONMENTAL REFERRAL DOCUMENT (ERD) SUBMITTED TO ENVIRONMENTAL PROTECTION AUTHORITY (EPA)

- ERD submitted for review to commence mining works on Minerals to Crown (MTC) land

EXPLORATION PROGRAMME

- Resource definition drilling continued in the North Bindoon region with 1,123 holes completed, results to date have defined extensive blankets of DSO grade bauxite mineralisation
- Systematic reconnaissance completed over the regional Darling Range project areas with rockchip sampling identifying potential DSO grade bauxite mineralisation

LAND ACCESS DARLING RANGE NORTH AND SOUTH PROGRESSING

- Further prospective areas identified and access negotiated with land owners both in the North and South Project areas covering both Minerals to Owner (MTO) and Minerals to Crown (MTC) land

COMMUNITY ENGAGEMENT

- Local and State Government agency meetings continue
- Local community impact assessment completed, community newsletter initiated and community engagement planned

HEADS OF AGREEMENT SIGNED WITH YANKUANG CORPORATION FOR 50/50 ALUMINA JOINT VENTURE AND \$9.8M PLACEMENT

- Successful negotiations concluding in signing of HOA with Yankuang Group Corporation Ltd (Yankuang) and \$9.8M share placement



RECENT DEVELOPMENTS FOR THE QUARTER

ASX ANNOUNCEMENTS FOR THE QUARTER

A brief summary of the announcements released during the quarter is as follows. Please refer to the full announcements for details.

Sales MOU with JFE Trade Corporation

In early October a Memorandum of Understanding was signed with Japanese Trading House JFE Shoji Trading Corporation for DSO supplies to Asia. The target specifications and quantity for 2010 is 500,000t bauxite at 48-49% alumina and 1-2% reactive silica.

Sales Contract and Commencement of Railing

Hongfan International Ltd (Hongfan) signed a Free on Board (FOB) Sales Contract for three 40,000t trial sample shipments of premium run of mine (ROM) low reactive silica bauxite.

In preparation for shipment railing of bauxite commenced from the Darling Range North mine to Kwinana Port.

Receipt of \$57M Placement Monies

Following a marketing presentation road show to institutional investors through Petra Capital (Lead Manager) and BGF Equities, Bauxite Resources Ltd received \$57M for the placement of 60,000,000 fully paid ordinary shares at 95c.

Maiden Shipment of Bauxite Ore

Western Australia's first export of bauxite to China left Kwinana in November 2009. The historic 43,000t shipment destined for Yantai Port, Shandong Province, was the first of three trial spot shipments of ROM Darling Range low reactive silica bauxite.

Appointment of Barry Carbon (AM) as Non-Executive Chairman

On 16 November 2009, Barry Carbon AM became Non-Executive Chairman. Incumbent Chairman Luke Atkins stepped down to take on a Non-Executive Director role.

Extractive Industry Licence (EIL) Update

BRL had applied to increase the mining at the trial shipments location up to a commercial scale. The Shire of Chittering did not approve this and the proposal was referred to the Western Australian EPA.

Foreign Investment Review Board (FIRB) approval for Placement and Alumina Joint Venture

FIRB approval was received for Yankuang to subscribe for 19.7 million shares in BRL and for Joint ownership with BRL of a proposed Alumina Refinery.

Operations Update

An update of operations was released on 1 December 2009 to clarify the continuation of "trial mining" and the options for future DSO operations.

End of Year Market Update

Highlighted the sequence of planned development from trial shipments to commercial scale operations and secondary treatments options to value add the bauxite ore.

ASX ANNOUNCEMENT AFTER THE END OF THE QUARTER

HOA with Yankuang Group Corporation Ltd (Yankuang)

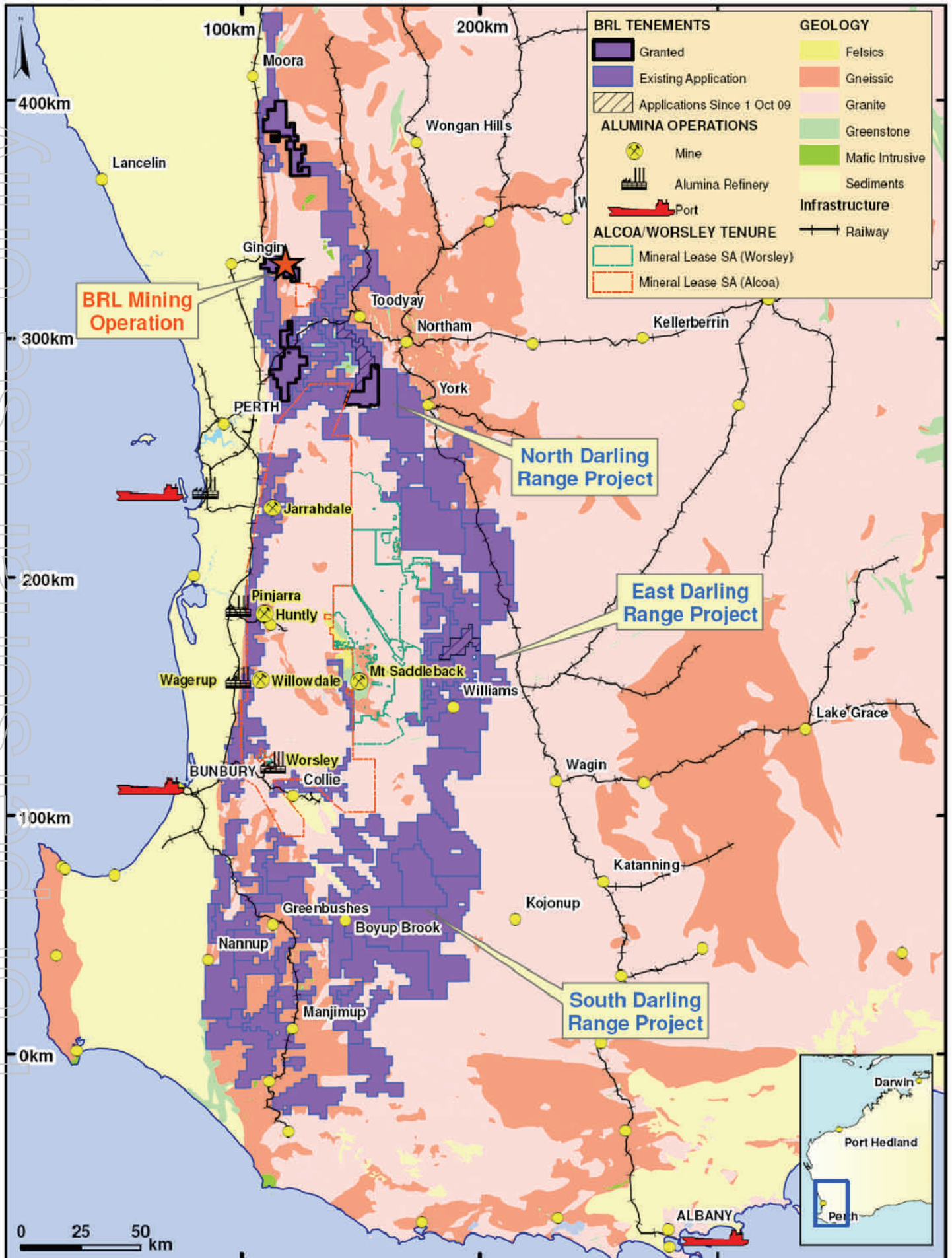
Following on from the MOU signed in June 2009, Yankuang have signed a HOA summarised as follows:

- An agreement will be established to explore and develop over time a total area of 1,000 square kilometres of BRL's tenements (granted or under application) in the Darling Range in the south west of Western Australia ("Tenement Cooperation Agreement").
- An agreement will be established to explore and develop BRL's Darling Range South tenements for a total area of circa 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").
- BRL and Yankuang will undertake all works and studies necessary to obtain a Bankable Feasibility Study (BFS) for the development of the proposed alumina refinery. The BFS is to establish refinery grade bauxite of no less than 150 million tonnes (with a target of 300 million tonnes).
- 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%.
- 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.

Share Placement to Yankuang

On 25th January 2010 placement monies of \$9.85 million were received and 19.7 million shares were issued to Yankuang pursuant to the above Heads of Agreement.

BRL DARLING RANGE TENEMENT MAP AS AT 31 DECEMBER 2009, TOTAL TENEMENT AREA OVER 16,800KM²



EXPLORATION PROGRAM – QUARTERLY UPDATE

Overview

The Company's exploration program continued with 1970 vacuum holes drilled in the North Bindoon region, Toodyay Shire region and Brunswick Junction region during the December Quarter. Drilling in the North Bindoon region continued to return excellent grades and widths of mineralisation, with the objective of defining sufficient bauxite mineralisation to support a 1.2 Mt (2.4Mtpa rate) Direct Shipping Ore (DSO) operation in the second half of 2010 and 6 Mtpa DSO operations in 2011, subject to obtaining regulatory approval. It is intended that the increased mining operations will be conducted over a number of sites throughout the Darling Range North region. Drill results in the South Darling Range project area confirms the existence of refinery and DSO grade material with work focussing on securing land access and regulatory approvals.

Additional Exploration Licences Obtained for the Quarter

BRL has applied for two additional Exploration Licences (EL) in the Darling Range during the quarter. This brings the number of granted licences and applications to 95 tenements in the five project areas totalling approximately 19,900km²; 87 tenements are located in the North, South and East Darling Range project areas, six tenements in the Kimberley project area and two tenement applications in the new Northern Territory project area.

Five of these licences have been granted in the North Darling Range Project area and land access to crown land and private freehold land is ongoing.

Target Generation

BRL is focusing exploration to meet its objectives of defining sufficient bauxite mineralisation to develop sustainable long-term DSO operations within the Darling Range. BRL continues with its planned systematic drilling program of targets situated close to existing infrastructure, including rail lines and ports.

The initial exploration program is focused on identifying sufficient bauxite mineralisation to support the commencement of a greater than 6 Million tonne per annum DSO operation (at multiple sites throughout the Darling Range North region) from 2011 subject to obtaining regulatory approval and to establish a calcined bauxite operation in the North Darling Range project area. The priority targets are those areas with historical data on Crown and freehold land close to existing infrastructure and services.

Furthermore, an exploration program in the Southern Darling Range is targeting sufficient bauxite mineralisation to support the commencement of a refinery. Exploration will focus on a combination of Crown Land and freehold farmland close to existing infrastructure and services.

Exploration Program

Exploration work for the December Quarter consisted of target generation, surface mapping, drilling and securing land access agreements.

Mapping Work Completed this Quarter

BRL's on-going mapping programme continued during the December quarter and completed mapping over the East Darling Range project. This mapping and rockchip sampling confirmed the presence of extensive laterite plateaus indicating excellent potential for these tenements to host significant bauxite mineralisation.

Exploration Program scheduled for March 2010 Quarter

Work planned for the March quarter will focus on resource definition drilling of a number of targets in the North Bindoon region, New Norcia, Victoria Plains Shire region and Toodyay Shire region for the North Darling Range project and Brunswick Junction region for the South Darling Range project. The exploration program will consist of the following:

- Continued reconnaissance mapping, sampling and target generation of the Darling Range project.
- Resource definition drilling of high-grade targets in the North Bindoon region, New Norcia, Victoria Plains and Toodyay regions with the objective of defining sufficient bauxite mineralisation to support a 6Mtpa mining operations for 10 years.
- Scout and resource definition drilling of high-grade targets in the Bunbury hinterland region defining sufficient bauxite mineralisation to support a 1 Mt per annum DSO mining operation.
- Resource modelling of high-grade bauxite mineralisation defined by drilling in the North Bindoon Region in the December and March quarters.

NORTH DARLING RANGE PROJECT - 29 ELs COVERING APPROXIMATELY 4,099KM²

A total of 1,344 holes for 7,667 metres were drilled during the December Quarter in the North Bindoon region and Toodyay Shire region. BRL also commenced land access negotiation for properties in the Victoria Plains and Northam Shires in preparation for drilling during the March quarter. Drilling concentrated on definition of bauxite mineralisation associated with the proposed pits at the North Bindoon Operation and identification of new zone of mineralisation associated with targets in the North Bindoon region and Toodyay Shire. Further drilling is planned to focus on other areas identified by historical CSR/Pacminex drilling data that contains potentially economic bauxite mineralisation serviced by existing infrastructure.

North Bindoon

During the December Quarter, the exploration team completed resource definition drilling of the proposed pit on the Hares Hill prospect and targets on the North Bindoon property. Access has been negotiated for a number of key properties in

the North Bindoon region and first-pass drilling of these high-grade targets is planned for the March Quarter. BRL is reviewing other high-grade targets in the area and securing land access agreements, principally with farmers over sub-economic farmland.

Hares Hill Prospect

A total of 649 vacuum holes for 3,723.5 metres were drilled to complete resource definition drilling of the proposed pit on the Eastern Plateau and a Western Ridge on the Hare Hill prospect. An additional 42 diamond holes were drilled to "twin" the existing vacuum holes, and greater than 50% of holes returned intersections better than 1 metre at 35.0% Available Al₂O₃. Results from the Eastern Plateau and Western Ridge defined extensive blankets of high-grade bauxite mineralisation as shown by Figure 2

Better results from drilling are shown in Table 1.

Table 1: Better vacuum drill intersections (>45% Total Al₂O₃) from drilling, Hares Hill, Bindoon Region.

Hole ID	MGA N (Zone 50)	MGA E (Zone 50)	Dept (m)	Intersections									
				From (m)	To (m)	Interval (m)	Avail. Al ₂ O ₃ %	Re. SiO ₂ %	Total Al ₂ O ₃ %	Total SiO ₂ %	Fe ₂ O ₃ %	TiO ₂ %	LOI %
Eastern Plateau, Hares Hill													
BDV186	420,239	6,530,059	5.5	1	5	4	44.9	2.2	50.2	6.4	14.7	3.2	25.6
BDV263	420,240	6,530,080	6	1	6	5	45.1	3.3	50.7	8.2	11.8	3.5	25.6
BDV265	420,240	6,530,120	6	1	5.5	4.5	46.5	2.4	52.3	7.7	10.2	3.7	25.8
BDV270	420,020	6,530,960	7	1.5	5.5	4	46.7	2.5	54.3	4.8	11.2	3.8	25.7
BDV270	420,020	6,531,000	7	1.5	6	4.5	45.3	1.5	54.1	4	13	3.9	25
BDV186	420,239	6,530,059	5.5	1	5	4	44.9	2.2	50.2	6.4	14.7	3.2	25.6
Western Ridge, Hares Hill													
BDV190	418,880	6,530,660	7	1	5.5	4.5	42	2.3	51.9	5.8	13.8	3.6	23.3
BDV283	418,840	6,529,900	8	1.5	6.5	5	40.6	3	50.3	8.8	13.6	4.2	22.3
BDV283	418,840	6,529,880	7.5	1.5	6.5	5	40.5	2.9	51.1	9.3	12.1	4.4	22.3
BDV284	418,820	6,529,800	8	1.5	6	4.5	41.4	3.7	50.1	10.3	11.6	3.9	23.4
BDV284	418,820	6,529,820	8.5	2	6.5	4.5	42.5	3.3	50.6	10.2	10.7	3.9	23.9
BDV286	418,780	6,529,840	7.5	2	7	5	41.7	3	49.2	9	13.1	4.2	23.7

Samples submitted to Ultra Trace for FTIR analysis with 10% checks by bomb digest (145°C / ICP05) for Available Al₂O₃% and Reactive SiO₂% and for Total Al₂O₃%, SiO₂%, and Fe₂O₃% by XRF. Intersections calculated using a lower cutoff of 35% Available Al₂O₃% and maximum of 1m internal waste.

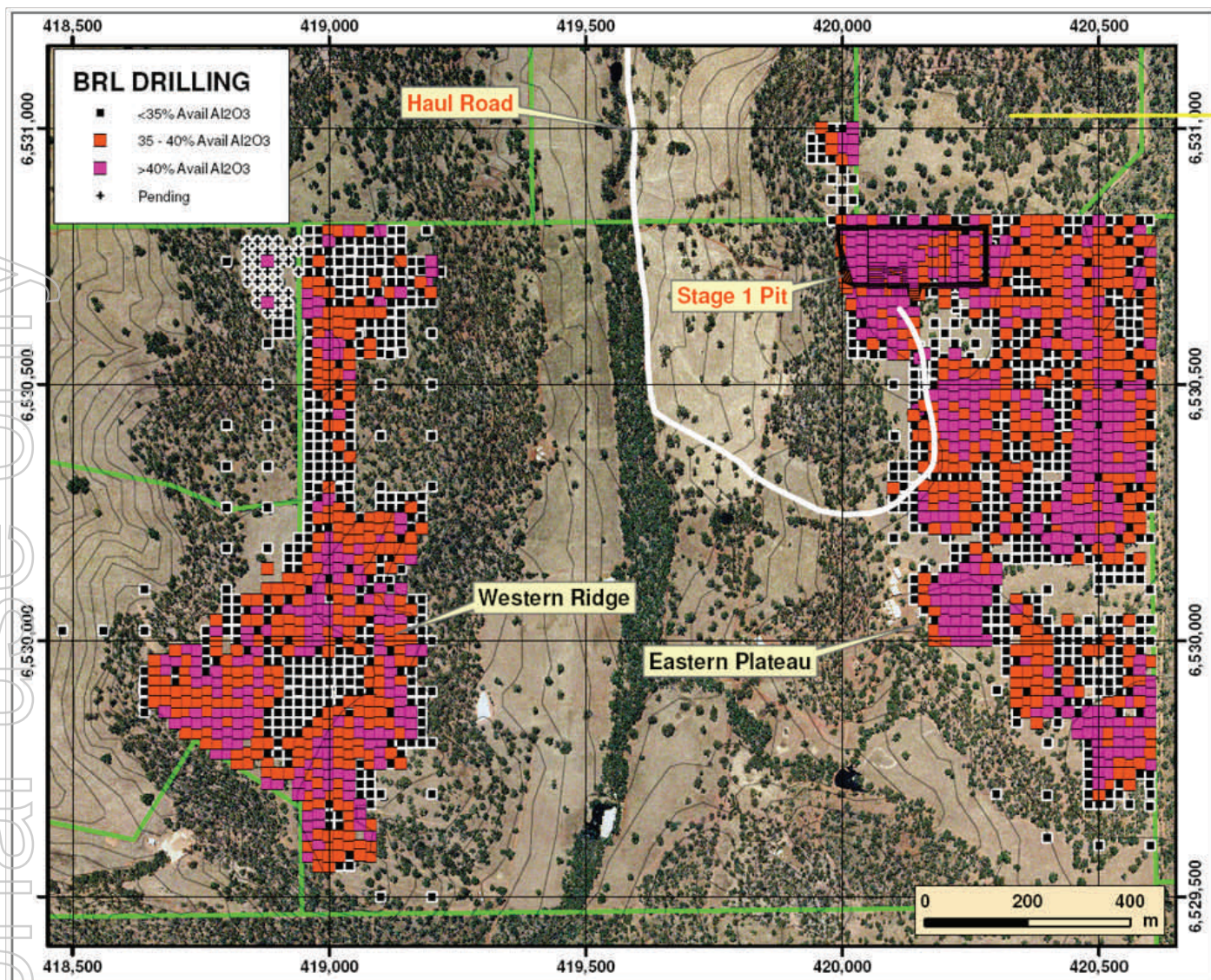


Figure 2: Hares Hill– Summary plan showing intersections >1 metre at 35% Available Al_2O_3 at Hares Hill North Bindoon

North Bindoon Property

A total of 417 vacuum holes for 2,674 metres were drilled to complete 40 metre spaced resource definition drilling of the North Bindoon property. An additional 9 diamond holes for 73.2 metres were drilled. A total of 160 of these holes returned intersections better than 1

metre at 35.0% Available Al_2O_3 with results from a further 7 holes pending. This drilling confirmed continuity of extensive zones of high grade bauxite mineralisation to 7.5 metres thickness suitable for DSO operations.

Better results from drilling are shown in Table 2.

Table 2: Better vacuum drill intersections (>45% Total Al_2O_3) from North Bindoon property.

Hole ID	MGA E (Zone 50)	MGA N (Zone 50)	Depth (m)	Intersections									
				From (m)	To (m)	Interval (m)	Avail. Al_2O_3 %	Re. SiO_2 %	Total Al_2O_3 %	Total SiO_2 %	Fe_2O_3 %	TiO_2 %	LOI %
BDV2175	419,120	6,534,340	6.0	2.5	6.0	3.5	41.4	1.2	49.7	5.3	16.9	4.0	22.7
BDV2234	419,280	6,534,340	11.5	4.0	8.0	4.0	41.3	0.8	51.0	5.8	15.5	4.0	22.5
BDV1999	418,760	6,534,180	10.0	3.0	7.0	4.0	42.7	0.4	51.5	1.9	18.9	3.6	22.8
BDV2161	419,080	6,534,180	6.0	1.5	5.5	4.0	42.9	1.2	50.6	5.1	15.3	4.0	23.4
BDV2016	418,800	6,534,180	10.5	3.0	8.0	5.0	39.4	0.1	50.1	1.4	23.5	3.7	20.4
BDV2256	419,360	6,534,420	9.0	2.5	7.5	5.0	41.9	0.3	51.6	3.4	17.0	3.9	22.5
BDV2267	419,400	6,534,420	8.5	2.0	7.5	5.5	39.4	1.0	48.7	4.2	20.7	3.9	21.3

Samples submitted to Ultra Trace for FTIR analysis with 10% checks by bomb digest ($145^\circ C$ / ICP05) for Available Al_2O_3 % and Reactive SiO_2 % and for Total Al_2O_3 %, SiO_2 %, and Fe_2O_3 % by XRF. Intersections calculated using a lower cutoff of 35% Available Al_2O_3 % and maximum of 1m internal waste.

Toodyay Shire Region

During the December Quarter, 124 vacuum holes for 428 metres were completed to test a number of targets in the Toodyay Shire. Results from this drilling demonstrate the presence of DSO grade

mineralisation and BRL are focussing on obtaining access to a number of key properties in the region with first-pass drilling planned for the March Quarter. Better results from the drilling the December Quarter are shown below:

Table 3: Better vacuum drill intersections (>45% Total Al₂O₃) Toodyay shire.

Hole ID	MGA E (Zone 50)	MGA N (Zone 50)	Depth (m)	Intersections									
				From (m)	To (m)	Interval (m)	Avail. Al ₂ O ₃ %	Re. SiO ₂ %	Total Al ₂ O ₃ %	Total SiO ₂ %	Fe ₂ O ₃ %	TiO ₂ %	LOI %
JDV018	432820	6511200	7	1.5	4.0	2.5	40.0	1.2	44.1	7.4	21.7	3.0	23.4
TDV025	443680	6530800	6.5	1.0	3.0	2.0	37.7	3.8	46.2	12.0	16.1	3.7	21.9
TDV028	444160	6530800	5.0	1.0	3.5	2.5	41.4	5.1	48.3	12.6	12.1	3.1	24.1
TDV033	444320	6530800	4.5	0.5	3.0	2.5	41.6	6.1	49.0	14.3	9.1	3.1	24.4
TDV035	444640	6530800	4.5	1.0	3.0	2.0	36.6	7.3	45.0	15.3	13.2	3.7	22.5
TDV039	444320	6531120	4.0	0.5	1.5	1.0	37.2	7.3	45.8	15.9	12.5	3.2	22.4

Samples submitted to Ultra Trace for FTIR analysis with 10% checks by bomb digest (145°C / ICP05) for Available Al₂O₃% and Reactive SiO₂% and for Total Al₂O₃%, SiO₂%, and Fe₂O₃% by XRF. Intersections calculated using a lower cutoff of 33% Available Al₂O₃% and maximum of 1m internal waste.

KIMBERLEY PROJECT

6 ELs COVERING APPROXIMATELY 1,600KM²

The Kimberley project is part of the Company's longer term staged business development. The present strategy is to focus on the Darling Range Project in the short term for establishment of a DSO operation, while securing tenure over highly prospective targets in the Kimberley.

NORTHERN TERRITORY PROJECT

2 ELs COVERING APPROXIMATELY 390KM²

The Northern Territory project consists of two applications over bauxitic laterite outcrops in the Northern Territory. These tenements are for the Company's longer term staged business development.

TECHNICAL REPORT FOR BAUXITE MARKETING

Beneficiation testing

Beneficiation testing has indicated that magnetic separation and high pressure jet washing to remove the minus 500 micron material are the best options for the Darling Range North tenements. It is estimated that about 30% of the ore will undergo beneficiation by either or both methods.

Significant reserve recovery will result. The reject material is being evaluated for commercial use to substantially recover the cost of beneficiation by sale of by-products.

Analytical

BRL has formed an alliance with Nagrom laboratories. Nagrom will carry out most of the company's development and exploration analytical work post February 2010. Nagrom has experienced PhD personnel to ensure the quality of test data and is working with state of the art equipment.

Calcined bauxite

Progress has been made in Chlorination and Leaching tests. Laboratory tests have confirmed the technical soundness of both pathways. Pilot plant scale test work is now being undertaken. SKM is providing expert and engineering support.

Customer interactions

Presentations to customers and evaluations of BRL bauxite samples by customers has led to acceptance that BRL's Darling Range bauxite represents good "value in use" to Chinese refineries.

Prospective customers in China following the visit in November all expressed the desire to enter into supply agreements.

The first trial shipment of bauxite ore left Kwinana for Yantai, Shandong Province China. The grade was as targeted, over the minimum specification and close to the indicative specification for chemistry, size distribution and moisture.

SOUTH DARLING RANGE PROJECT - 44 ELs COVERING APPROXIMATELY 9,200KM²

Aim of Project

The dual aims of the project are to secure a suitable high grade deposit within acceptable trucking distance of the Bunbury Port for DSO and to indicate (to JV partner satisfaction) that 150Mt or more alumina refinery grade bauxite exists and is available within this region.

Land Access

Further reconnaissance to assess the geological potential and land access status was undertaken throughout the quarter. Land tenure and land access information is highly important and all data is being obtained systematically and efficiently through the advent of a Land Access and Tenement Manager position. A major purchase of imagery, cadastral and tenure data was completed and will be implemented in Q1 2010.

Field Trips

Geological field trips continued to identify lateritic areas, many of which are regarded as highly potential and although access to obtain samples is currently limited, some acceptable assay results were obtained from "rock chip" samples.

Drilling Program

A drilling program was undertaken in the Martin Road area (MTO private property in the Harvey Shire) to define a resource suitable for an initial trial shipment out of Bunbury Port. Results have indicated suitable material is available at acceptable grades. A total of 622 holes, for 2,903 meters, were drilled in the quarter, with assay results generally taking 6 – 8 weeks due to priority given to the North project and Grade Control.

Tenement Administration

An assessment of Land status for the South Darling Range project has been undertaken and matched to all the tenement applications. The tenement applications have been ranked in terms of the above status, laterite coverage, bauxite potential, ease of access, environmental considerations, na-

tive title and a priority table and timelines for grant have been established. Several processes requiring excision of small areas from several tenements, with minimal impact on bauxite potential, have been identified to considerably speed up the granting of these tenements. These tenements and necessary written requests have been conveyed to the Department of Minerals and Petroleum (DMP) and feedback was that several tenements could now proceed to grant within a reasonably quick timeframe.

Timeframe

In summary, the aim of this project is to define DSO grade ore in the shorter term and to define 150 Mt of ore for Refinery feed, based on current typical Darling Range type parameters. The proposed initial 18 month program will seek to achieve this target to a JORC compliant resource in the Indicated / Inferred categories.

OPERATIONS FOR THE QUARTER

Trial Shipment Operations

Operations at BRL's trial shipment site at North Bindoon continued during the quarter, extracting and delivering 88,500 tonnes of DSO High Grade Bauxite to Kwinana Bulk Terminal (KBT). The ore was delivered to KBT primarily by rail, with approximately 7200 tonnes transported via road. Road transport was only utilized when the rail network was unavailable. Of the 88,500 tonnes, 44,220 were used to make the first ever shipment of Western Australian bauxite to China, with the vessel Tai Shan Hai departing on 16th November 2009.

Second Shipment

The second shipment of 44,000 tonnes was loaded onto the vessel MV Typhoon which departed from KBT on 5th January 2010. The third and final Trial Shipment will be completed early February 2010.

Future Operations

Looking to the future, BRL purchased a Terex Jacques mobile screen, capable of processing ore at a rate of 1200tph. The screen was demobilized from site (Argyle Diamonds) and transported in sections to Bindoon in November awaiting refurbishment when required. Other major equipment purchased during the period included, a WA 500 front end loader, a Caterpillar 12H grader and D10T were ordered, delivery is expected mid January 2010.

Maintenance Contract

On 4 December 2009, BRL awarded a Maintenance Contract (subject to approval to mine being granted) valued at A\$1.7 million per year to a local Bindoon company. The contract covers the provi-

sion of the operation and maintenance of the Terex Jacques mobile screen.

Grade Control

The control and reconciliation of ore prior to delivery at the rail or port stockpile has provided some challenges but all grades are within contract specifications. A process of daily visual pit checks, grab samples from mining surfaces, stockpile sampling at mine, railhead and port was implemented, and this had given confidence in the grades. Results for the second shipment are waiting to be confirmed from the Chinese agents while the third shipment results will be expected late February.

Mine Planning

The slower rate of drilling and assay results together with hole pick up surveys not scheduled until January 2010 has meant little block modelling was undertaken in the quarter for mining reserve definition in the Bindoon region. The current trial shipment site has been under constant review.

LAND ACCESS

With the plan to significantly increase exploration activities a highly experienced Tenements & Land Access Manager was recruited, further staff will be taken on early in 2010. As a result of the recent appointment BRL successfully negotiated a series of exploration agreements in the North Bindoon area,

these included both Mineral to Owner (MTO) and Mineral to Crown (MTC). Land Access activities have now extended into other Northern Regional Shires, including, Toodyay, Victoria Plains and Harvey, a Shire located in the South Darling Range.

ALUMINA REFINERY PROJECT

China Trip

During the December quarter a delegation visited China to work with Yankuang Group as a prelude to completing the Heads of Agreement for the Alumina Refinery Project (Project).

Government Agencies

Also during the quarter the Project Definition Document (PDD) for the future Project was accepted by the Department of State Development (DSD). The DSD is the lead agency for major resource and industry infrastructure proposals in Western Australia. Briefings with all key Government Agencies have now been scheduled for completion in the first quarter of 2010. BRL is working with government agencies aiming to formulate a roadmap to fulfil the regulatory approvals associated with the Project with the objective of delivering the Project in accordance with the scheduled timelines.

Bankable Feasibility Study (BFS)

Work on the BFS continues. The appointment of owner's representatives to all key sections of the project has been finalized and in line with an agreed Project Delivery Framework (PDF) arrangements have been made with external/internal infrastructure stakeholders/providers to agree/define the initial scoping definitions.

In order to provide communication support and ensure accurate reporting and scheduling controls throughout the projects work plans, an agreement with Aconex has been completed that includes providing ongoing working support with BRL's Information and document control personnel. Aconex is the world's largest provider of online collaboration solutions to clients in the Commercial & Residential Construction, Government & Infrastructure and Energy & Resources sector.

INFRASTRUCTURE PROJECTS

The BRL infrastructure projects are summarized as:-

- Kwinana Port Direct Shipping Ore (DSO)
- Bunbury Port DSO
- Albany Port DSO

Kwinana Port DSO

Following the successful shipment of the first cargo of bauxite a review of the port operation was conducted, the result of which was to put in place a number of process changes and system up-grades designed to improve the loading rate at Kwinana Bulk Terminal (KBT2). With the changes implemented, the loading rate for the second shipment was improved. The third and final shipment will be made during early February 2010. Both parties continue to work together in reviewing shipping options for 2010, 2011 and beyond.

Bunbury Port DSO

Plans to conduct a trial spot shipment out of the port are in the later stages of development and are dependant upon ship availability, and all necessary approvals.

Albany Port DSO

Both parties continue to work closely and BRL is currently finalizing its Exploration Plan for 2010, which will include exploring on its eastern tenements, in order to identify sufficient grades of Direct Shipping Ore to support a long-term operation out of the Albany Port.

MARKETING REPORT - INTERNATIONAL BUSINESS DEVELOPMENT**FOB Sales Contract with Hongfan Holdings Ltd (Hongfan) for Trial Sample Shipments**

In October, BRL signed a FOB sales contract with Hongfan, a Chinese metals trading company, for 120,000 Dry Metric Tonnes (DMT) of bauxite to be mined from the North Darling Range.

The contract is a significant step for BRL to tap into the international market as a new supplier of bauxite and to raise alumina refinery market awareness as to the attributes of Darling Range bauxite.

First Bauxite Shipment

In December, BRL delivered its maiden 43,200 Wet Metric Tonnes (WMT) shipment of bauxite out of Kwinana Bulk Berth 2, marking the historic occasion as it is the first export of run of mine (ROM) bauxite from the state of Western Australia.

The testing results received from CCIC (China Certification & Inspection Corporation) shows that the bauxite grade and characteristics are well above the contractual specifications.

Negotiations with Yankuang Group Corporation LTD (Yankuang)

In November, a BRL Marketing team led by Mr Barry Carbon and Mr Dan Tenardi conducted negotiations with Yankuang on the Heads of Agreement for joint development of an alumina refinery in South West WA.

Deputy Governor of Shandong Province receives BRL Delegation

In November, as distinguished guests of Shandong province, Mr Tenardi, Mr Carbon and their four colleagues had the privilege to be received by Deputy Governor Cai Limin of Shandong Province and some other senior officials at the government's official hotel. Mr Cai commended Mr Tenardi and his management team for their enormous efforts in building a business relationship with Shandong for the benefit of both WA and China. Mr Cai also hosted an official banquet in honour of the BRL delegation.

It is believed that this high level event is symbolic of the Shandong province's determination to be involved in the joint development of bauxite resources in the Darling Range and secure a stable

supply of bauxite to its refineries.

Visit to Refineries in Shandong

The visit to Chalco Shandong and Nanshan Group in November by the Marketing team has proved to be a constructive one. Mr Ziegelaar provided presentations regarding the latest research on potential beneficiation processes which has impressed the senior management of both Chalco and Nanshan.

Chalco Shandong, as the oldest refinery of the group, agreed to conduct joint research into the Darling Range bauxite. Their intention is to diversify supply channels and provide opportunities for BRL to be added to their existing list of suppliers.

Nanshan has explicitly expressed its intention of using BRL's bauxite on a competitive price basis. It was the first time the Company has received positive Chinese refinery feedback that BRL's Darling Range bauxite has excellent qualities after their completion of testing and analysis.

Position Feedback received from Chinese Refineries

Feedback now received from potential Chinese customers is that they have accepted the relative high extractible alumina content and low reactive silica bauxite and the refinery operating cost savings attributable to the bauxite.

JFE Shoji continued marketing efforts

JFE Shoji has continued its marketing efforts in India, China and Japan and gained an increasingly better understanding of the attributes of BRL's Darling Range bauxite. Samples sent to Japanese end-users are being tested in their laboratory to ascertain whether they fit into the process being applied in their operations. Additional samples from North Bindoon and Brunswick will be provided for detailed analysis and testing.

ENVIRONMENT

On the 25th of November 2009 under the terms of its Town Planning Scheme the Shire of Chittering made the decision not to grant an extractive industry licence for the proposed mining works on Mineral to Owner (MTO) freehold land located in Bindoon.

Subsequently, BRL formally submitted an Environmental Referral Document (ERD) to the Office of the Environmental Protection Authority (EPA) on the 11th December for mining works on 23.7 hectares of Mineral to Crown land on the same property as stated above. BRL are currently awaiting assessment by the EPA. The EPA will assess the potential

environmental risks of the operation and determine if BRL's environmental management planning is appropriate.

On 14th January 2010, BRL hosted a tour of the trial mining operation in Bindoon; state environmental agencies were well represented. The objective of the tour was to demonstrate to key agency staff "Minimum Impact Mining" techniques and discuss future rehabilitation strategies.

COMMUNITY & PUBLIC AFFAIRS

During the December quarter BRL has stepped up information exchange to community and regulatory agencies alike.

This quarter's focus internally has been to highlight the importance of community relations and stakeholder engagement. BRL initiated a Community Newsletter to update regions BRL operate in, specifically Bindoon.

BRL have committed to a number of community and conservation support initiatives, including the provision of major funding for a Disease Investigation

Manager into the critically endangered Woylie – the BRL Woylie Rescue program supported by Perth Zoo, DEC and other conservation stakeholders.

EXECUTIVE STAFF - QUARTERLY UPDATE

During November 2009, BRL engaged the following three Senior Management personnel:

Terry O'Connor joined the Company as the General Manager DSO Operations. Terry has extensive experience in operational and project management, international sales & marketing and a proven track record of increasing shareholder value.

Dr Matthew Todd joined BRL as Environmental Manager. Prior to joining BRL Matthew spent 10 years in the environmental consulting industry primarily working for the mining sector. Matthew's PhD was conducted in conjunction with Alcoa World Alumina and Worsley Alumina investigating the success of rehabilitated bauxite mines in the Darling Rang. Matthew has an excellent understanding of ecological processes and sustainability principles.

Jacqui Jankowski joined BRL as Manager for Tenements, Contracts and Land Access. Jacqui has more than 9 years experience in the mining industry with her most recent role with Rio Tinto Iron Ore involving supervision of land tenure and liaising with government agencies to ensure compliance with statutory requirements. Jacqui also has experience liaising in contract management and contractor management systems.

The new staff bring a wealth of knowledge from their various backgrounds to the BRL Management team which will be invaluable to the Company's future development.

CORPORATE SUMMARY

\$57M Capital Raising

During the quarter the company completed a private placement of 60 million shares at 95 cents each to institutional and sophisticated investors to raise \$57 million (less raising costs). A number of share options (1,936,668) were also exercised during the quarter at exercise prices varying from 25 – 50 cents to further improve cash reserves by approximately \$0.6 million.

Yankuang Share Placement

Shortly after the end of the quarter the company signed a Heads of Agreement with Yankuang Corporation (Yankuang) and part of this agreement was a placement of 19.7 million shares at 50 cents each to raise \$9.85 million. The placement was completed on 25 January 2010 to further strengthen cash reserves.

Market Capitalisation

There are now approximately 234 million shares on issue following the above Yankuang placement. The Company's shares at 31 December were 86c which gives the company a current market capitalisation

of around \$201 million, a substantial increase over the last quarterly report due to the placements.

Cash Reserves and Expenditure

Cash reserves at 31 December 2009 were \$61 million and following the Yankuang placement will be approximately \$71 million. During the quarter approximately \$3.5 million was spent on fixed assets including laboratory equipment and mining equipment which will enable the company to reduce operating costs. Subsequent to the end of the quarter the company purchased a second property in Bindoon adjacent to the rail siding where the bauxite is loaded onto rail cars for freight to Kwinana Port.

Board of Directors Changes

There were two board changes during the quarter with the appointment of Non Executive Chairman Mr Barry Carbon and the former Chairman Mr Atkins stepping down from his executive chairman role to become a non executive director.



Dan Tenardi
Managing Director

In accordance with the Australian Stock Exchange requirements, the technical information contained in this report has been reviewed by Mr. Peter Senini, Principal Advisor, Geological and Technical Services to 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. Senini, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Senini 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. Senini consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Bauxite Resources Limited

ABN

72 119 699 982

Quarter ended ("current quarter")

31 December 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	814	814
1.2 Payments for		
(a) exploration and evaluation	(968)	(1,471)
(b) development	-	
(c) production	(1,437)	(1,437)
(d) administration	(3,060)	(4,493)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	282	414
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(4,369)	(6,173)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(3,594)	(3,830)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	(15)	(15)
Net investing cash flows	(3,609)	(3,845)
1.13 Total operating and investing cash flows (carried forward)	(7,978)	(10,018)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(7,978)	(10,018)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	57,607	57,777
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (capital raising costs)	(3,184)	(3,184)
Net financing cash flows		54,423	54,593
Net increase (decrease) in cash held		46,444	44,574
1.20	Cash at beginning of quarter/year to date	14,633	16,503
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	61,077	61,077

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	1,051
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, director's fees and consulting fees and a one-off bonus payment of \$750,000

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

--

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,000
4.2 Development	-
Total	1,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	(78)	765
5.2 Deposits at call	61,155	13,868
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	61,077	14,633

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2	E70/3629	Tenement Granted on 22 October 2009	0%	100%

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Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1				
Preference securities (description)				
7.2				
Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	213,979,896	213,979,896		
+Ordinary securities				
7.4	60,000,000 1,936,668 55,685,000 Ordinary Fully Paid shares were released from escrow on 22 October 2009	60,000,000 1,936,668	95 cents Conversion of options at 25-50 cents each	Fully Paid Fully Paid
Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5				
+Convertible debt securities (description)				
7.6				
Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

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7.7	Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
		8,450,000		- 20 cents	31 May 2012
		2,000,000		- 25 cents	15 May 2012
		4,000,000		- 40 cents	15 May 2012
		666,666		- 55 cents	30 November 2013
		666,666		- 45 cents	30 November 2013
		300,000		- 25 cents	30 June 2012
		350,000		- 35 cents	30 June 2012
		2,720,000		- 30 cents	30 June 2012
		300,000		- 35 cents	30 June 2012
		300,000		- 40 cents	30 June 2012
		500,000		- 50 cents	30 June 2012
		500,000		- 70 cents	30 June 2012
		1,900,000		- \$1.25	30 June 2012
		2,000,000		- 90 cents	30 November 2013
		2,000,000		- \$1.10	30 November 2013
7.8	Issued during quarter	1,900,000		- \$1.25	30 June 2012
		2,000,000		- 90 cents	30 November 2013
		2,000,000		\$1.10	30 November 2013
7.9	Exercised during quarter	200,000		- 30 cents	30 June 2012
		200,000		- 50 cents	30 June 2012
		250,000		- 20 cents	31 May 2012
		150,000		- 35 cents	30 June 2012
		70,000		- 30 cents	30 June 2012
		666,668		- 35 cents	30 November 2013
		100,000		- 30 cents	30 June 2012
		300,000		- 20 cents	31 May 2012
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 4\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date:
Company secretary

Print name: Paul Fromson

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Notes

- 1 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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