



AUSTRALIAN BAUXITE LIMITED
ASX:ABZ

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Company Announcement Office
Australian Securities Exchange Limited

Goulburn PFS Expanded

Australian Bauxite Limited (ASX: ABZ) commissioned Como Engineers Pty Ltd and other metallurgical and environmental engineering firms to prepare a Pre Feasibility Study (PFS) on the Goulburn Bauxite Project located near Goulburn New South Wales (Figure 1).

Marubeni Corporation (**Marubeni**) has participated in the PFS and has contributed 35% of the cost.

The PFS was initially focused on a conservative, lowest-capital cost case of 1.2 million tonnes per annum (1.2Mtpa) of bauxite delivered to ship at Port Kembla. A second study was also based on a 1.2Mtpa scale but involved higher rail capital costs so as to reduce the operating costs.

Both of the 1.2Mtpa cases yielded positive results with high internal rates of return, thus confirming the feasibility to commence the project at the rate of 1.2Mtpa, modelled on current road-base quarry operations in the area.

Modelling is being expanded to provide a ramp-up option to 2.5 to 3Mtpa bauxite out of Port Kembla.

Australian Bauxite's CEO, Ian Levy said; "Continued drilling over the Goulburn Bauxite Project in the March quarter intercepted high grade bauxite of extraordinary thicknesses in excess of 30 metres (ASX, 9 February 2012) which is probably the thickest bauxite ever discovered in Australia. This significant discovery substantially increased the scope of the Project and warranted extending the modelling to provide for significant ramp-up possibilities.

"We are in discussions with a number of potential customers and are confident that the demand and price for our low silica, gibbsite DSO bauxite will be mutually beneficial to our customers and to Australian Bauxite Limited. The bauxite market remains the strongest of all mineral commodity markets with China importing all-time record tonnages. Furthermore, the Indonesia government is clamping-down on bauxite export operations and has increased export taxes on bauxite by 20%. This is an opportunity for Australia to expand its exports of quality-enhanced bauxite."

Reporting on the conclusions of the PFS will now be made on completion of the ramp-up option and once commercial negotiations with potential customers have been well advanced.

At the completion of the pre-feasibility study Marubeni can elect to acquire a 35% joint venture interest in the Goulburn-Taralga bauxite project.

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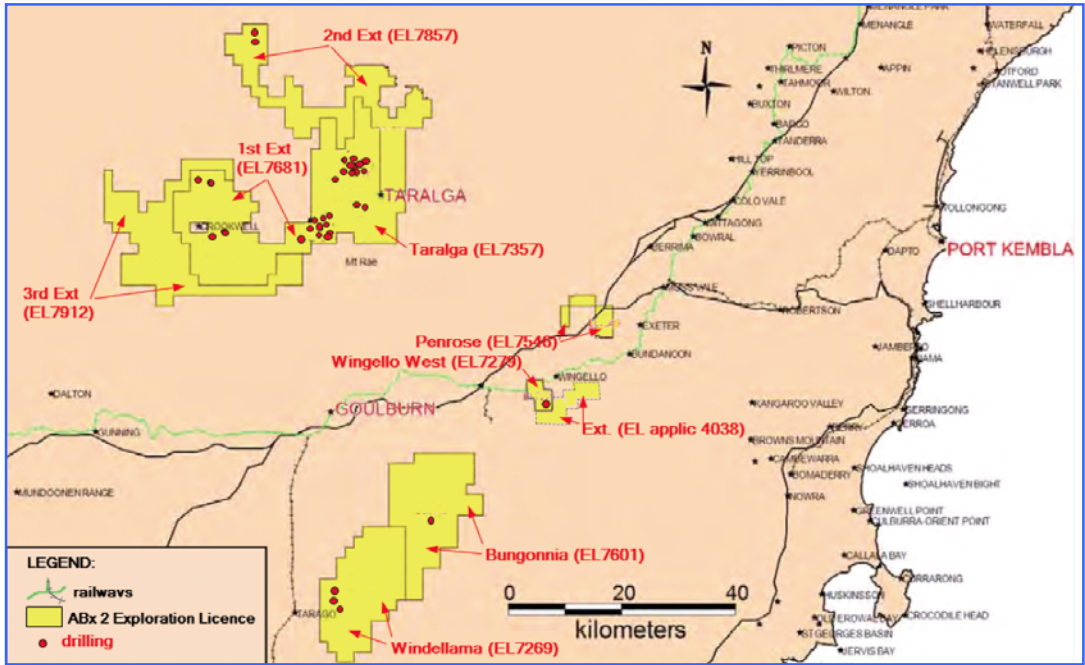


Figure 1 - Goulburn Bauxite Project Area

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