ASX ANNOUNCEMENT
18 October 2010

AUSTRALIAN **BAUXITE** LIMITED
ASX: ABZ

Bauxite Results From Binjour High Grade.
Drilling Commenced in Tasmania.
Progress and Strategy Update:

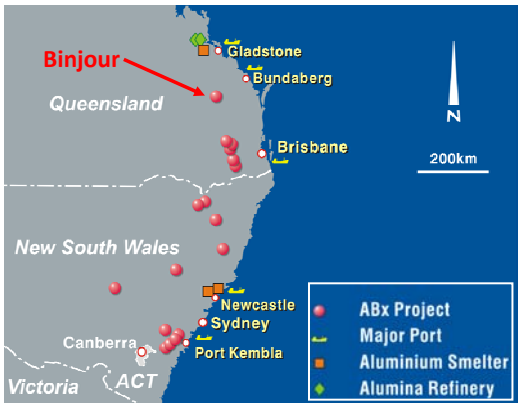
- **At Binjour, central QLD, concealed bauxite layer discovered – very good quality**
- **Additional tenement application made at Binjour to secure the target areas**
- **First-pass drilling near Goulburn, Sth NSW, intercepted bauxite on all tenements**
- **Taralga extensions to maiden resource have been discovered**
- **Drilling in Tasmania commenced as planned on 14 October 2010.**

Emerging bauxite exploration and development company, Australian Bauxite Limited (**ABx, ASX Code ABZ**) has received all laboratory results from the first pass drilling campaign at its Binjour Project south of Gladstone and 170km southwest of Bundaberg, central Queensland. These results confirm the discovery of a concealed layer of good quality bauxite. A new Exploration Permit application has been made to secure the extensions of this deposit at Binjour.

BINJOUR EPM 18014
170km SW of Bundaberg QLD

During exploration, an area of several square kilometres was discovered on the Binjour plateau that has a good quality bauxite layer concealed beneath a soft, free-digging overburden layer.

Bauxite at Binjour is unexpectedly extensive over a wide and diverse area, thus warranting surface mapping and a drilling strategy to delineate thicker, shallow, good quality zones which may justify early development.



Results from the 18 holes which intersected this concealed bauxite are set out in detail in the Appendix at the end of this report. The averages of the 18 holes are set out in the following tables.

Average of 18 Holes at Binjour Project QLD (see Appendix)

Metres	Whole Sample								
m	Al_2O_3avl%	Rx SiO_2%	Avl/Sx	Al_2O_3%	SiO_2%	A/S	Fe_2O_3%	TiO_2%	LOI%
4	36.3	3.7	9.9	42.5	4.2	**10.0**	25.4	4.3	22.8

Metres	Sieved at 0.26mm								
m	Al_2O_3avl%	Rx SiO_2%	Avl/Sx	Al_2O_3%	SiO_2%	A/S	Fe_2O_3%	TiO_2%	LOI%
4	39.7	2.6	**15.2**	44.6	3.0	**14.8**	23.1	3.6	25.0

* Leach conditions to measure available Avl Al_2O_3 & reactive SiO_2 rx were 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Sx" ratio is (Available Al_2O_3)/(Reactive SiO_2). "A/S" ratio is (Total Al_2O_3)/(Total SiO_2). Values above 10 are excellent

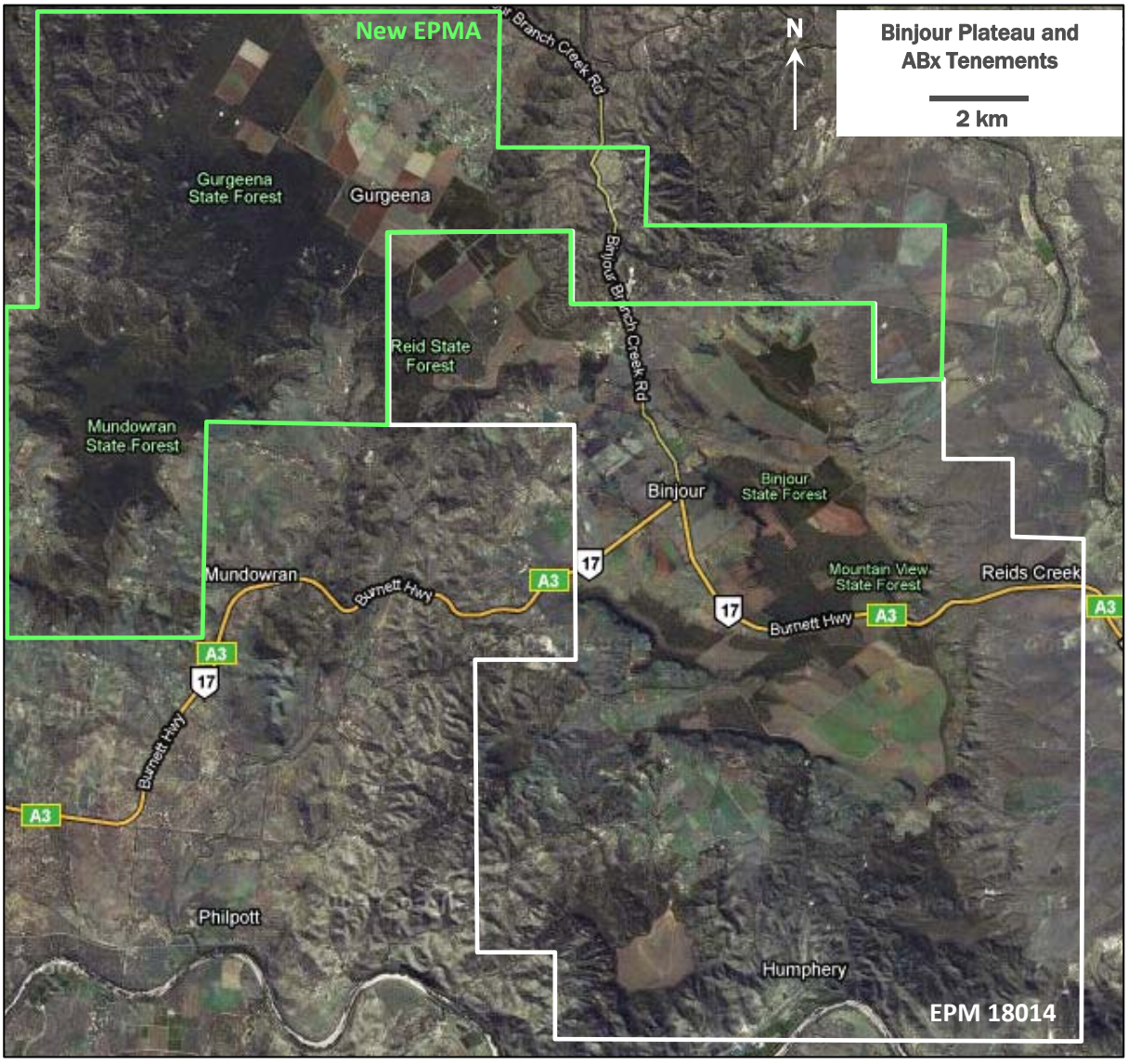
AUSTRALIAN BAUXITE LIMITED
ACN 139 494 885

Level 2 Hudson House 131 Macquarie Street Sydney NSW 2000
P: +61 2 9251 7177 F: +61 2 9251 7500 E: corporate@australianbauxite.com.au

BINJOUR EXTENSION: NEW EPM APPLICATION

Based on the discovery of the concealed bauxite deposit at Binjour in mid 2010, ABx conducted an exhaustive assessment of the surrounding areas where extensions of the bauxite may occur. As a result of encouraging surface samples of bauxite, geological observations and the application of remote sensing techniques, a new Exploration Permit application was designed to secure the extensions of the Binjour bauxite province.

Plans are now in preparation to recommence drilling on the Binjour plateau.



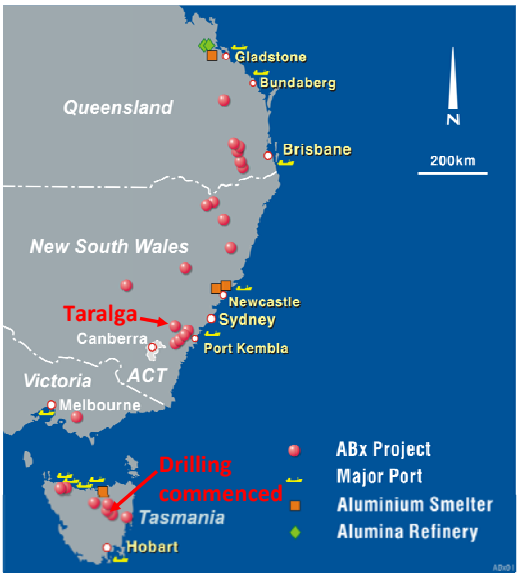
ABx Exploration Permit (white) and New Exploration Permit Application (green), Binjour Plateau, Central QLD

TARALGA EL 7269
40km N of Goulburn, southern NSW

Drilling in the district around Goulburn in southern NSW has been successful on the two Project Areas drilled to date, namely Taralga located 40km north of Goulburn and Windellama, 40km south of Goulburn Inverell.

A maiden resource of 5.4 million tonnes of bauxite at Taralga was announced on 16 September 2010 and since then, another 10 days of drilling has continued to encounter extensions to the resources and has discovered two new bauxite deposits. Laboratory results are awaited.

A Review of Environmental Factors has been submitted for consideration by the Mines Department to enable further resource definition drilling to be undertaken at Taralga. No major impediments have been identified.

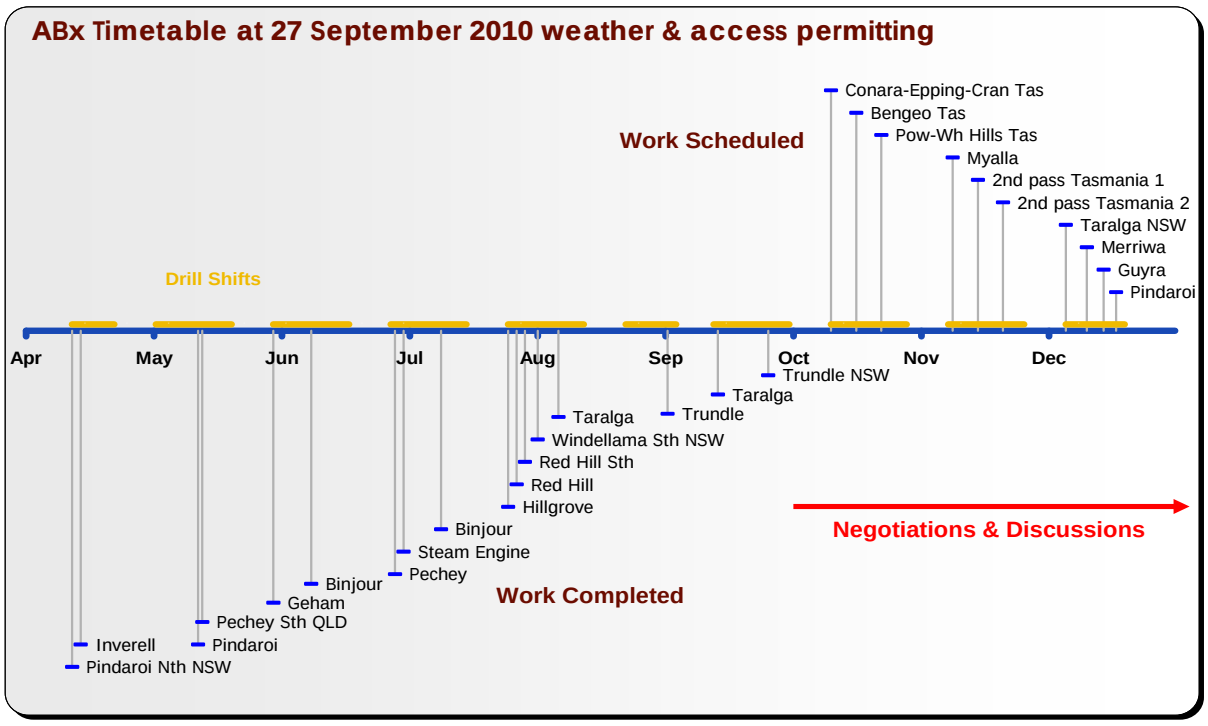


TASMANIA – 7 Exploration Licences Granted.
Drilling commenced.

The company is also pleased to announce that 7 of the 8 tenements in Tasmania have recently been granted.

The drill crews and equipment have been shipped to Tasmania and drilling commenced on 14 October on grazing and cropping farmland around Campbell Town in the Tasmanian midlands. Bauxite is being encountered in the drillholes and in surface sampling. Laboratory results of the drillhole samples will take approximately 6 weeks.

The current drilling schedule is shown below.



Project Geologist Tamara Coyte drilling at Inverell, NSW

Drilling at Pechey plateau, Hampton QLD

About Australian Bauxite Limited: ASX Code ABZ

Australian Bauxite Limited (**ABx**) holds the core of the newly discovered Eastern Australian Bauxite Province. Its 32 bauxite tenements in Queensland, NSW and Tasmania covering 7,500 km^2 were rigorously selected on 3 principles:

1. good quality bauxite;
2. proximity to infrastructure connected to export ports; and,
3. free of socio-environmental or native title land constraints.

All tenements are 100% owned and free of obligations for processing and third-party royalties. ABx has already discovered many bauxite deposits and new discoveries are still being made as knowledge and expertise grows.

The company's bauxite is high quality and can be processed into alumina at low temperature – the type that is in short-supply globally. At the company's first drilling prospect in Inverell, northern NSW, an interim resource of 35 million tonnes has been reported from drilling 15% to 20% of the area prospective for bauxite and a maiden resource of 5.4 million tonnes of bauxite has been reported for the Taralga project. Australian Bauxite Limited aspires to identify bauxite resources in excess of 200 million tonnes in one of the world's best bauxite provinces.

ABx has the potential to create significant bauxite developments in three states - Queensland, New South Wales and Tasmania. Its bauxite deposits are favourably located for direct shipping of bauxite to both local and export customers. Drilling of the ABx bauxite discoveries in Tasmania has only recently commenced but bauxite is confirmed to extend over relatively large areas.

For further information please contact:

Investor Relations, Henry Kinstlinger, Australian Bauxite Limited

Telephone: +61 2 9251 7177 Fax: +61 2 9251 7500

www.australianbauxite.com.au Email: corporate@australianbauxite.com.au

Qualifying statement

The information in this announcement that relate to Exploration Information are based on information compiled by Jacob Rebek and Ian Levy who are members of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Rebek and Mr Levy are qualified geologists and are directors of Australian Bauxite Limited.

Mr Rebek and Mr Levy have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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 Resources. Mr Rebek and Mr Levy have consented in writing to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.

APPENDIX

Table 1

Raw Bauxite Intercepts at Binjour Project EPM 18014

First Pass Drilling Program Mid 2010

Hole	From	To	Metres	Whole Sample								
	m	m	m	Al_2O_3avl%	Rx SiO_2%	Avl/Sx	Al_2O_3%	SiO_2%	A/S	Fe_2O_3%	TiO_2%	LOI%
BJ005	12	14	**2**	35.4	6.5	5.4	43.3	7.1	6.1	21.3	5.5	23.0
BJ006	7	12	**5**	36.3	3.0	**12.0**	40.9	3.7	**11.0**	31.9	3.9	18.8
BJ008	8	10	**2**	29.0	5.3	5.5	36.6	6.0	6.1	32.7	4.2	19.5
BJ014	11	13	**2**	37.5	4.3	8.7	44.6	4.9	9.1	21.6	4.7	23.9
BJ017	14	15	**1**	35.0	4.7	7.4	42.7	5.3	8.1	24.3	4.3	23.0
BJ031	11	17	**6**	38.5	1.8	**21.4**	43.5	2.3	**19.3**	24.8	5.0	23.7
BJ032	9	16	**7**	37.7	2.6	**14.5**	42.6	3.1	**13.9**	25.5	4.8	23.1
BJ033	10	19	**9**	46.6	2.4	**19.1**	50.8	2.8	**18.4**	15.2	3.2	27.5
BJ034	11	13	**2**	39.8	2.9	**13.5**	44.8	3.5	**12.6**	22.7	4.3	23.9
BJ053	7	10	**3**	44.5	3.3	**13.7**	49.5	3.7	**13.2**	16.1	4.2	26.3
BJ056	3	6	**3**	33.2	6.6	5.0	41.4	7.5	5.5	24.3	4.3	22.4
BJ057	7	10	**2**	33.3	4.4	7.6	39.1	4.8	8.1	29.5	3.6	22.2
BJ058	5	9	**4**	19.7	2.7	7.2	27.3	3.5	7.7	48.0	3.7	15.0
BJ059	3	9	**6**	29.7	3.0	**10.0**	36.1	3.6	9.9	34.8	4.5	19.5
BJ063	8	11	**3**	40.7	5.4	7.6	48.8	5.9	8.3	15.5	4.4	25.7
BJ111	11	17	**6**	36.9	2.1	**17.3**	41.7	2.7	**15.7**	26.1	5.0	23.8
BJ112	13	15	**2**	41.1	3.0	**13.7**	45.9	3.6	**12.9**	21.3	4.0	24.7
BJ113	13	17	**4**	39.2	2.0	**19.8**	45.0	2.4	**18.9**	22.5	4.4	24.9
Average			**4**	36.3	3.7	9.9	42.5	4.2	**10.0**	25.4	4.3	22.8

* Leach conditions to measure available Avl Al_2O_3 & reactive SiO_2 rx were 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Sx" ratio is (Available Al_2O_3)/(Reactive SiO_2). "A/S" ratio is (Total Al_2O_3)/(Total SiO_2). Values above 10 are excellent

Note that the highlighted bauxite zones encountered in Holes BJ031 to BJ034, BJ053, BJ059 and Bj111-113 will be explored in the next phase of drilling, especially where they outcrop as discovered in surface mapping.

Table 2

Screened Bauxite Intercepts at Binjour Project EPM 18014

Screened at 0.26mm mesh - yields range between 60% and 75%

First Pass Drilling Program Mid 2010

Hole	From	To	Metres	Sieved at 0.26mm								
	m	m	m	Al_2O_3avl%	Rx SiO_2%	Avl/Sx	Al_2O_3%	SiO_2%	A/S	Fe_2O_3%	TiO_2%	LOI%
BJ005	12	15	**3**	39.8	5.5	7.2	46.8	6.0	7.7	16.5	4.4	25.6
BJ006	7	12	**5**	38.7	1.2	**31.7**	41.4	1.5	**26.8**	29.6	3.3	23.6
BJ008	8	10	**2**	33.0	3.6	9.2	39.0	4.1	9.5	30.7	3.4	22.1
BJ014	11	13	**2**	41.9	2.8	**15.2**	47.5	3.2	**14.9**	18.6	3.9	26.3
BJ017	13	16	**3**	35.2	4.4	8.0	42.6	4.9	8.7	24.3	4.1	23.4
BJ031	10	18	**8**	40.2	2.2	**18.7**	44.8	2.5	**18.2**	23.2	3.9	25.0
BJ032	8	16	**8**	40.7	1.9	**21.0**	44.5	2.2	**20.2**	23.6	3.9	25.1
BJ033	10	19	**9**	50.5	1.2	**42.5**	53.1	1.3	**39.9**	13.1	2.8	29.2
BJ034	10	13	**3**	40.5	2.9	**14.0**	45.3	3.4	**13.3**	21.6	3.9	25.1
BJ053	7	10	**3**	49.2	1.9	**25.9**	52.7	2.2	**24.1**	12.6	3.5	28.6
BJ056	3	6	**3**	37.3	4.6	8.1	44.0	5.4	8.2	21.5	3.6	24.8
BJ057	6	11	**5**	32.7	4.0	8.2	39.1	4.5	8.7	30.4	3.0	22.2
BJ058	5	9	**4**	23.2	1.5	**15.7**	28.9	2.0	**14.4**	47.3	3.1	17.7
BJ059	3	9	**6**	33.7	1.7	**20.2**	38.4	2.1	**18.3**	33.0	3.7	22.1
BJ063	8	11	**3**	45.2	3.6	**12.4**	51.9	4.0	**13.0**	12.0	3.7	28.0
BJ111	11	17	**6**	43.7	1.6	**27.0**	46.9	2.0	**24.0**	20.6	3.8	26.2
BJ112	13	15	**2**	45.7	1.7	**26.9**	48.9	2.0	**24.0**	18.3	3.3	27.0
BJ113	13	17	**4**	43.7	0.9	**51.4**	47.9	1.0	**47.1**	19.6	3.6	27.2
Average	9	13	**4**	39.7	2.6	**15.2**	44.6	3.0	**14.8**	23.1	3.6	25.0

* Leach conditions to measure available Avl Al_2O_3 & reactive SiO_2 rx were 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Sx" ratio is (Available Al_2O_3)/(Reactive SiO_2). "A/S" ratio is (Total Al_2O_3)/(Total SiO_2). Values above 10 are excellent

ABx Project Tenements and major infrastructure