

Further resource increases on the cards

With 32 large bauxite tenements in four states, and strong results being achieved from its advancing Inverell and Taralga projects in New South Wales, Australian Bauxite Ltd (ABZ) is gaining steady ground through aggressive exploration.

During the September quarter the company reported a 64% increase (to 35 million tonnes) of gibbsite-rich bauxite resources at its Inverell project in northern NSW.

It then followed this success by announcing a maiden resource of 5.4 Mt of similar gibbsite-rich material at Taralga near Goulburn in southern NSW from less than 20% of the identified prospective areas.

This has given the junior high expectations of further increases down the line.

ABZ's bauxite has proven to be of high quality and low in silica, with metallurgical work confirming that a simple screening process should bring the ore up to premium grade. This would add to the presence of direct shipping material.

Potential exposed

A total of 314 holes have been drilled into Inverell to date, showing a shallow and continuous bauxite mineralisation in the A-B deposit, with ore averaging 5.6 metres thick and remaining open to the north and south.

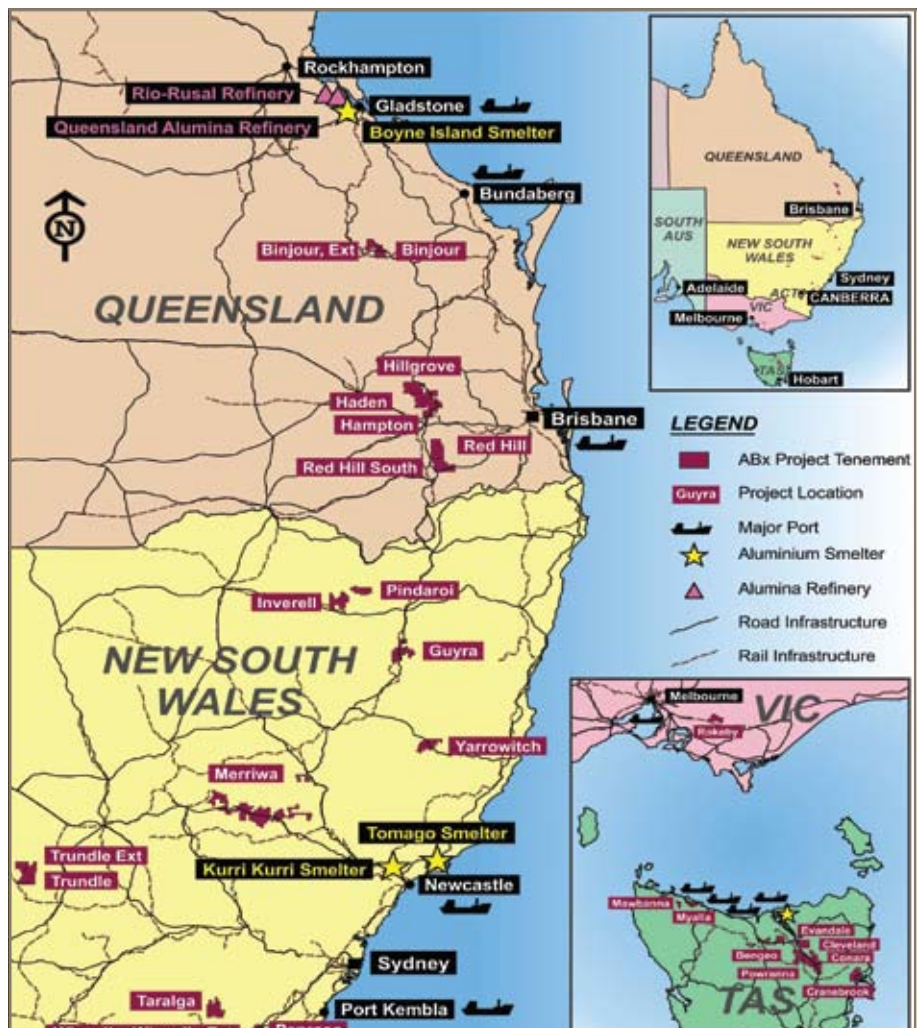
A-B is one of only four bauxite-rich areas on the EL 6997, and this year's program included first pass drilling over the other three, as well as first drilling at the adjacent Pindaroi tenement, where thick bauxite was also picked up.

Based on 60 of the first 98 holes drilled at Taralga, ABZ also estimated a maiden resource of 5.4 Mt of gibbsite-rich material at Taralga north of Goulburn, where drilling is continuing and encountering more bauxite areas.

ABZ holds five bauxite tenements in the Goulburn area, which is only 145 km by rail



NSW activities are ongoing.



The junior has a solid land holding.

to the Pt Kembla port. As a result, Australia's oldest inland city could become a hub for bauxite production.

Similarly, in central Queensland, ABZ's Binjour project (located south of Gladstone) has the possibility of either exporting or selling bauxite into the two alumina refineries in the coastal city. To date, up to 9m of high quality material has been announced from Binjour with new results still pending.

Holding 32 tenements across Queensland, NSW, Victoria and Tasmania, ABZ is aiming to identify and develop projects within the Eastern Australian Bauxite Province, backed up by a strong and consistent drilling program.

A successful placement in August raised more than \$6 million from 13.5 million shares, giving ABZ \$10 million to progress its drilling to 1,000 first pass holes by year's end and 1,400 holes on prioritised targets in 2011.

The identification of direct-shipping high grade bauxite would allow early development of a simple mine-and-ship project, leading into

production of the higher revenue premium grade processed bauxite when steady-state production was achieved.

A third stage could be the development of an alumina refinery or a very large, long term bauxite project at one of the targeted projects.

Inverell is the only project to have undergone second pass drilling, but ABZ plans to round-off first pass work across the other tenements by the end of 2010, with the Queensland tenements at Binjour and around Toowoomba already achieving this.

Having early production planned for the Asia Pacific market (particularly China), the company is pleased with the tenement infrastructure settings, with Bundaberg, Gladstone, Port Kembla and Newcastle ports close by on the mainland.

Meanwhile, Burnie, Devonport, Bell Bay and Hobart harbours are available in Tasmania, where drilling on seven newly granted tenements started in mid October.

Caroline Smith