



AUSTRALIAN BAUXITE LIMITED

ASX: ABZ

QUARTERLY REPORT

Quarterly Activities Statement period ending 30 September 2011

About Australian Bauxite Limited: ASX Code ABZ

Australian Bauxite Limited (ABx) holds the core of the newly discovered Eastern Australian Bauxite Province. Its 37 bauxite tenements in Queensland, NSW and Tasmania covering 8,500 km² 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. **Global resources declared to date total 84 million tonnes.** At the company's first drilling prospect in Inverell, northern NSW, an interim resource of 35 million tonnes¹ has been reported from drilling 15% to 20% of the area prospective for bauxite and a resource of 25 million tonnes² of bauxite has been reported at the Taralga project in southern NSW. 6 million tonnes maiden resource was declared at Guyra³. A 16.8 million tonnes⁴ maiden resource has been declared at the Binjour Plateau in central QLD, confirming that ABx has discovered a significant bauxite deposit including some bauxite of outstandingly high quality. Australian Bauxite Limited aspires to identify large bauxite resources in the Eastern Australian Bauxite Province, which is emerging as 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 favorably located for direct shipping of bauxite to both local and export customers.

ABx endorses best practices on agricultural land, strives to leave land and environment better than we find it. We only operate where welcomed.

ABx Pic of the Quarter Bauxite fields forever...



Darren Fermor (Furry): Senior field assistant collecting samples at Binjour.

Photo: Brian Roach

This quarterly activities statement is dated 31 October 2011 and is for the three months ending 30th September 2011.

PRINCIPAL POINTS

Corporate

MOU signed with Marubeni Corp of Japan (a significant & highly respected participant in the global aluminium industry) to jointly conduct a Pre-Feasibility Study (PFS) in relation to the Goulburn-Taralga Project, NSW.

Exploration

- Company global bauxite resources grow to 84 million tonnes (**Figure 1**).
- Binjour, QLD: Maiden JORC resource of 16.8Mt, comprising 39% Avail Al₂O₃ and 3.1% Reactive SiO₂, with an A/S ratio of 12.7 (high grade)⁴.
- Guyra NSW: Maiden JORC resource of 6Mt, comprising 36.5% Avail Al₂O₃ and 2.3% Reactive SiO₂, with an A/S ratio of 15.8 (in close proximity to Inverell)³.

Tenements Granted

Guyra Extension, NSW

EL 7824 was granted on 24 August 2011 for a period of 2 years. It covers an area of 288 sq kms and is being explored as an extension to the Guyra resource.

New Applications

Merriwa Extension, NSW

ELA 4398 was lodged on 7 October 2011 covering 88 units (264 sq kms) located 33 kms east-northeast of Ulan, NSW.

The tenement applications are contiguous to EL 7361.

The geological setting is similar to that of EL 7596 -7598.

AUSTRALIAN BAUXITE LIMITED

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Taralga 2nd Extension, NSW

Application ELA 4323 was lodged on 14 July 2011 covering 102 units (306 sq kms) and is considered to be an extension of the Taralga resource.

Taralga 3rd Extension, NSW

Application ELA 4350 was lodged on 15 August 2011 covering 103 units (309 sq kms) and is also considered to be an extension of the Taralga resource.

Tenement Status

Tenements are 100% in good standing.

CORPORATE

Register snapshot

On 30th September 2011, ABx had 100,592,337 ordinary shares on issue and 10,320,000 options.

Trading summary

During the September quarter the total market trade value was \$1,434,000, with 379 trades (average value per trade was \$3783). 2.64 million shares were traded – the VWAP for the September quarter was 54.35 cents.

Chinese Bauxite Statistics

The Chinese bauxite import statistics for the month of September 2011 show another record month with imported tonnage of bauxite being 37% more than last year at 4.48 million tonnes for the month (**Figure 2**).

The price of Australian bauxite imported into China has risen to US\$57.23/tonne CIF. Prices for ABx-quality bauxite are significantly higher than for currently exported Australian bauxite.

MOU with Marubeni Corporation

ABx and Marubeni Corporation (Marubeni) concluded a Memorandum of Understanding to jointly conduct a pre-feasibility study at the Goulburn-Taralga bauxite project located in New South Wales, Australia. Marubeni will contribute 35% toward the Pre-feasibility funding, estimated to be \$1.5 million.

A 25 million tonne bauxite resource has already been declared at Taralga².

ABx will conduct the pre-feasibility study with participation by Marubeni, to investigate the market for bauxite and other credits produced from the Goulburn-Taralga bauxite project. At the completion of the pre-feasibility study Marubeni can elect to acquire a 35% joint venture interest in the Goulburn-Taralga bauxite project and to contribute 35% of the bankable feasibility and development costs. Marubeni will assist in arranging the finance for the first bauxite project.

New South Wales		
ABx1 Pty Ltd	Project	Km ²
EL 6997	Inverell	297
EL 7268	Pindaroi	138
EL 7361	Guyra	300
EL 7824	Guyra Extension	288
EL 7596	Merriwa - 1	75
EL 7597	Merriwa - 2	639
EL 7598	Merriwa - 3	558
ELA 4398*	Merriwa Extension	264
ELA 4252*	Glencoe	300
ELA 4312*	Stannifer	294
ABx2 Pty Ltd		
EL 7269	Windellama	270
EL 7279	Wingello West	21
ELA 4038*	Wingello Extended	39
EL 7357	Taralga	300
EL 7681	Taralga Extension	300
ELA 4323*	Taralga 2nd Ext	306
ELA 4350*	Taralga 3rd Ext	309
EL 7601	Bungonia	276
EL 7546	Penrose	33
		5,007
Queensland		
ABx3 Pty Ltd		
EPM 17790	Hampton	336
EPM 17800	Red Hill	144
EPM 17801	Red Hill South	150
EPM 17830	Haden	264
EPM 17831	Hillgrove	267
EPM 18014	Binjour	150
EPM 18772	Binjour Extension	123
EPM 19169	Tellebang	150
TBA*	Brovinia	147
		1,584
Tasmania		
ABx4 Pty Ltd		
EL 4/2010	Evandale	197
EL 5/2010	Powranna	234
EL 6/2010	Cleveland	209
EL 7/2010	Conara	238
EL 9/2010	Deloraine	224
EL 14/2010	Myalla	80
EL 37/2010*	Westbury	237
TBA*	Sassafras	250
		1,669
		8,260
* Application		



EXPLORATION

Exploration during the September quarter was focused on resource definition drilling at Guyra (NSW) and Binjour (QLD), which together with the NSW Goulburn assets represent the making of 3 significant projects.

GUYRA, NSW (EL 7631)

6 Million Tonnes Maiden Resource: High-Grade Bauxite³

- Resource is based on 71 first-pass exploration holes that intersected a thick bauxite layer that is concealed beneath a thin surface clay horizon.
- 87% of the 71 bauxite intercepts were a superior quality bauxite suitable for sweetening circuits in refineries. It is termed “Brown Sugar” bauxite.
- The deposit sits next to a rail siding on a recently decommissioned rail line.



A thick layer of bauxite lies near surface beneath a thin clay horizon. Results from 71 holes into the bauxite include some exceptionally high grade, thick gibbsite bauxite, ideal as a “sweetener” to any bauxite refinery. ABx refers to such high grade bauxite as “Brown Sugar” which commands a large price premium.

Resource estimates after application of cut-off grades for the drilled resource areas on the initial deposits tested at Guyra are summarised as follows:

Resource category	Tonnes millions	Thick-ness	Over-burden	Sieved at 0.26mm									
				Al ₂ O ₃	Rx SiO ₂	Avl/Rx	Al ₂ O ₃	SiO ₂	A/S	Fe ₂ O ₃	TiO ₂	LOI	Yield
				Avl %	%	Ratio	%	%	Ratio	%	%	%	%
Inferred	2.3	4.2 m	3.4 m	35.0	2.8	12.5	41.4	3.6	11.6	26.2	3.3	24.6	56%
Indicated	3.8	5.9 m	4.4 m	37.4	2.0	18.3	43.1	2.6	16.3	27.3	3.9	24.5	61%
TOTAL	6.0 Mt	5.3 m	4.0 m	36.5	2.3	15.8	42.5	3.0	14.3	26.9	3.7	24.5	59%

Cut-off grades applied: Minimum 30% Al₂O₃, 2m thickness, 45% yield. Maximum strip ratio (metres overburden:bauxite) 3:1.

Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂). Values above 10 are excellent. "A/S" ratio is Al₂O₃/SiO₂. Tonnage is for bauxite in-situ. Yield is for screening all samples at 0.26mm. The significant tonnages requiring no upgrade will have 100% yield.

The deposit lies at surface, commonly on topographic high points which have been cleared for grazing but left uncultivated because of the poor soil that develops on bauxite.

The bauxite is relatively consistent in quality as demonstrated by the fact that 87% of the 71 bauxite intercepts) are “Brown Sugar” bauxite, being a superior quality, low silica, gibbsite bauxite suitable for sweetening circuits in refineries.

Logistical setting and relationship with Inverell Bauxite Project

The Guyra bauxite is adjacent the standard gauge rail line connecting Guyra to Armidale, Werris Creek and thence to the heavy-duty rail to Newcastle minerals export port. Operations of the Guyra-Armidale rail leg has recently been decommissioned after being used for logging transport.

Guyra is located near the company’s Inverell and Pindaroi bauxite deposits (see Figure 1) and may provide sufficient tonnages to justify a major bauxite project in northern NSW.

Review of Environmental Factors

A Review of Environmental Factors (REF) has been approved by the Department of Industry and Investment so that more intensive exploration drilling can be undertaken.



Further work planned

The bauxite deposit is open in many locations and many other deposits have been identified. Follow-up drilling of the Guyra discovery is being scheduled over the coming months in line with the REF.

BINJOUR, QLD (EPM 18014)

**16.8 Million Tonnes Maiden Resource:
High-Grade Bauxite⁴**

- Resource is based on 88 infill exploration holes that intersected a thick bauxite layer that is largely concealed beneath a surface clay horizon.
- Most of the bauxite resources identified in this estimation are a superior quality bauxite suitable for sweetening circuits in refineries. It is termed “Brown Sugar” bauxite.
- A high grade core totalling 9 million tonnes contains extremely high grade bauxite.



A thick layer of very high quality bauxite was discovered at the Binjour project in central QLD. The bauxite lies beneath a clay horizon. Results from 88 holes into the bauxite are generally exceptionally high grade, thick gibbsite bauxite, ideal as a “sweetener” to any bauxite refinery. ABx refers to such high grade bauxite as “Brown Sugar” which commands a large price premium.

Bauxite Resources				Sieved at 0.26mm									
Resource category	Tonnes millions	Thick-ness	Over-burden	Al ₂ O ₃ Avl %	Rx SiO ₂ %	Avl/Rx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	Yield %
Inferred	6.8	3.7 m	8.1 m	37.7	3.7	10.3	43.4	4.1	10.5	24.2	3.6	24.1	61%
Indicated	10.0	5.3 m	10.6 m	39.9	2.7	14.9	44.7	3.0	14.8	22.8	3.8	25.0	60%
TOTAL	16.8 Mt	4.5 m	9.3 m	39.0	3.1	12.7	44.2	3.5	12.7	23.4	3.7	24.6	61%

Cut-off grades applied: Minimum 30% Al₂O₃, 2m thickness, 45% yield. Maximum strip ratio (metres overburden:bauxite) 4.5:1. Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂). Values above 10 are excellent. "A/S" ratio is Al₂O₃/SiO₂. Tonnage is for bauxite in-situ. Yield is for screening all samples at 0.26mm. The significant tonnages requiring no upgrade will have 100% yield.

The Binjour deposit lies near the top of a plateau which has been widely cleared for farming but large parts are now left uncultivated because of the dry, poor soil that develops on bauxite.

The bauxite in the resource area is consistently high quality and most is “Brown Sugar” bauxite, being a superior quality, low silica, gibbsite bauxite suitable for sweetening circuits in refineries.

New areas of bauxite have been discovered in recent months and are currently being drilled to expand resource extent.

Logistical setting

The Binjour bauxite project is located approximately 160kms inland from Bundaberg port. Australian Bauxite Limited is participating in a major transport study of the region to assess the alternative ways to transport this high quality bauxite to markets, either in Australia or overseas.

Further work planned

The bauxite deposit is open in many locations and many other deposits have been identified. Follow-up drilling of the Binjour plateau (25km x 10km in area) and surrounding new prospects is being scheduled over the coming months.

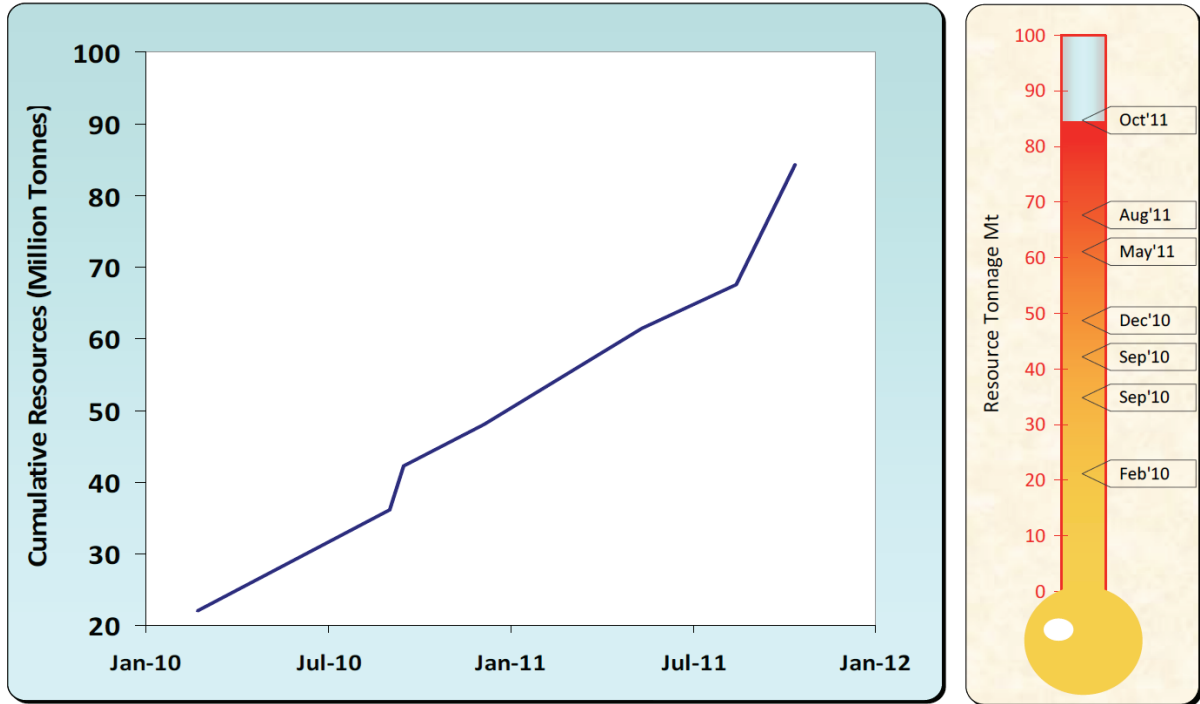


Figure 1 - Growing JORC resources

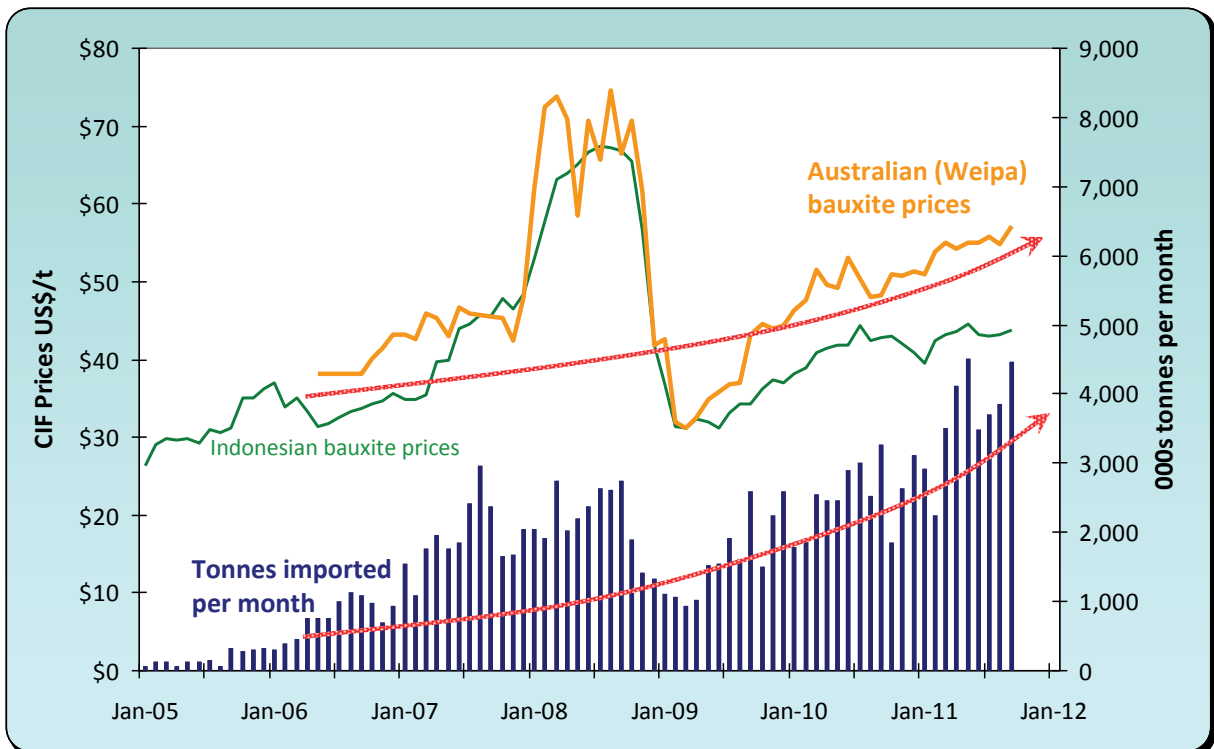


Figure 2 - Bauxite trends – China imports; bauxite prices



About Marubeni Group

- One of the largest General Trading Companies in Japan by turnover, founded in 1858
- Publicly listed on the Tokyo, Nagoya and Osaka Stock exchanges (8002.T), with a market capitalisation of US\$ 12.5 Billion at 31 March 2011.
- Global trader of a wide range of commodities, it conducts business investment, development and management on a global basis with 119 offices in 69 countries
- In the field of industrial services, Marubeni combines engineering functions and risk management capabilities in various fields such as Renewable Energy, Power and Water Projects, Oil and Gas, Metals and Mineral Resources, Pulp & Paper, Transportation Infrastructure, and Food materials & products.
- Marubeni is a 22.5% owner of Portland Aluminium Smelter, located in Portland in South West Victoria and also owns 8% interest in Boyne Smelters (Line 3), which is located in Boyne Island in Queensland, Australia's largest aluminium smelter. In addition, Marubeni is also a 6.67% owner of Alouette Aluminium Smelter, located in Canada, North America's largest aluminium smelter.

FURTHER INFORMATION

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QUALIFYING STATEMENTS

The information in this report that relate to exploration programmes are based on information compiled by Jacob Rebek who is a member of Australian Institute of Mining and Metallurgy. Mr. Rebek is a qualified geologist and is a director of Australian Bauxite Limited.

Mr. Rebek has sufficient experience, which is relevant to the style of mineralization 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 Resources. Mr. Rebek consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

Exploration Target Statement

ABx has an exploration target of 200 to 300 million tonnes of bauxite (40-50 million tonnes is the exploration target for the Goulburn Bauxite Project area), based on the Mineral Resources totalling 36 million tonnes of bauxite from 196 drillholes drilled across an area that is less than 15% of the known bauxite deposits on a single Exploration Lease EL 6997 at Inverell in northern NSW. Furthermore, Mineral Resources totalling 25 million tonnes of bauxite have been estimated from 577 drillholes that have tested approximately 60% of the known bauxite deposits at Taralga on EL 7357.

In accordance with the JORC Code, readers are advised that with regards this exploration target of 200 to 300 million tonnes, “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”. Inverell tenement EL 6997 was the first of 30 tenements to be drilled and has since discovered sizeable, good quality bauxite occurrences on several other tenements.

Direct Shipping Ore

In this report all references to direct shipping ore (**DSO**) refers to the company’s exploration objective of defining DSO grade mineralisation.

JORC Code Compliant Public Reports

The Company advises that this presentation contains summaries of Exploration Results and Mineral Resources as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (“JORC Code”).

The following table references the location of the Code-compliant Public Reports or Public Reporting on which the summaries are based. These references can be viewed on the ASX website and the Company will provide these reports, free of charge, to any person who requests it.

¹ 02 September 2010	ASX Inverell JORC Resource Update 36 Million Tonnes
² 12 May 2011	ASX Taralga Bauxite Resource Doubled to 25 Million Tonnes
³ 15 August 2011	ASX Guyra Maiden Resource 6 Million Tonnes
⁴ 12 October 2011	ASX Binjour Maiden Resource 17 Million Tonnes



Project Tenements and Major Infrastructure – September 2011