



IMF PROPOSAL TO FUND ACTION AGAINST BAUXITE RESOURCES LIMITED.

After share trading closed on the afternoon of 25 June 2010, Bauxite Resources Limited (BRL) received facsimile correspondence from litigation funder IMF Australia Ltd (IMF) which indicated that IMF is proposing to fund claims that current or former shareholders may have against BRL. IMF then issued a release to ASX to a similar effect suggesting that the proposed claims relate to a placement of 60 million shares by BRL on or about 30 October 2009.

BRL has not been issued with any formal proceedings, and no threat of litigation has been made directly by current or former shareholders. Neither within nor before the facsimile correspondence had IMF provided BRL with any further detail of the proposal.

BRL had not until late Sunday 27 June obtained a copy of IMF's 'Bauxite Resources Limited Information Pack'. BRL will immediately study this information, comment further on any proposed legal action, and keep shareholders informed of any developments.

In the meantime the board of BRL recommends shareholders against joining this action until further advice is given. Shareholders are directed to our webpage where we will start to explain the basis of our position, and where we will seek shareholder support. www.bauxiteresources.com.au

ENDS

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