

**PLACEMENT OF 19,700,000 SHARES AT 50 CENTS WITH
SHANDONG PROVINCIAL BUREAU OF GEOLOGY & MINERALS
AND AMENDMENT OF KEY TERMS FOR
PROPOSED FARM-IN AND JOINT VENTURE AGREEMENT IN THE DARLING RANGE**

Following the ASX announcement on 1st May 2009, Bauxite Resources Ltd (BRL), (ASX code "BAU") is pleased to announce that a formal Signing Ceremony was held in Perth earlier today attended by Ms Zheng, Director-General of Shandong Provincial Bureau of Geology and Mineral Resources (SDGM), Mr Meng General Manager of Shandong No 1 Institute for Prospecting of Geology and Minerals and their Shandong delegation. The terms of a placement equivalent to 15% of BRL's current issued share capital, being 19,700,000 shares at an issue price of 50 cents raising A\$9,870,000, was formally agreed by the parties.

Further agreement was reached relating to the amendment of the Key Terms for the proposed Farm-In and Joint Venture Agreements for the Darling Range previously announced on 26th March 2009.

The Placement Agreement is conditional upon the obtaining of all necessary Chinese regulatory approvals together with Australian Foreign Investment Review Board (FIRB) approval, by not later than 19 June 2009 with the placement funds to be received prior to 30 June 2009.

The agreement as to the amendment to the Key Terms for the proposed Darling Range Farm-In and Joint Venture Agreements (JV) provides for the inclusion of an area of a "greenfields" 1,000 square kilometres of tenement area from BRL's current Darling Range tenement holding of 14,400 square kilometres to be available for SDGM to explore for bauxite in terms that;

- BRL to have a 40% interest in the proposed JV;
- BRL to have a free carried interest to Bankable Feasibility Study (BFS) and decision to mine stage in the proposed JV;
- SDGM to have a 60 % interest in the proposed JV;
- following a BFS and decision to mine, each of the respective parties contribute in accordance with their respective interests;
- BRL to direct the exploration and in the event of a mineral discovery to manage the mining operation, and
- the proposed joint venture is not to conflict with BRL's business.

The BRL Board is extremely pleased with the developing relationship that has taken place between BRL and SDGM over the past 6 months with the mutual visits and the strengthening of a long term "strategic relationship".

SDGM is viewed by the Company as extremely important in facilitating the development of bauxite markets to the alumina refineries in the Shandong Province. BRL's Direct Shipping Ore (DSO) bauxite operation is scheduled to commence in August this year with a trial spot shipment planned for the Shandong Province from the Company's Darling Range North Project area.



BRL sees the Shandong Province as an important long term market for DSO bauxite as the province's major alumina refineries rely extensively on imported bauxite. It has been reported that China will exhaust its domestic bauxite supplies within 10 years and faces reliability issues with some of its current suppliers.

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Background - Bauxite Resources Limited (BRL)

BRL was launched in May 2006 to establish itself in the bauxite and alumina industries in Western Australia where four of the seven Australian alumina refineries and four of Australia's bauxite mines are located. BRL successfully listed on the ASX on 22nd October 2007 after closing its A\$7.5 million IPO early and oversubscribed, having previously raised approximately \$1.3 million in seed capital. Following the recent closing of an options entitlement subscription the Company as at 30th March 2009 has \$9.9million cash in the bank.

The Company is the largest tenement holder in the Darling Range with approximately 14,400km². This area is the largest producing alumina region in the world, supplies approximately 18% of the world's alumina and is home to Alcoa's Huntly Mine, the largest producing bauxite mine in the world, supplying Alcoa's Pinjarra refinery, the second largest refinery in the world. The Darling Range is also the site of four alumina refineries, three of these are in the top five refineries in the world in terms of lowest operating costs.

BRL's Darling Range tenements extend in a band from Moora in the north to Manjimup in the south, a distance of some 400 kilometres. In total BRL has applied for a total of 78 tenements in the five project areas; 72 tenements are located in the North, South and East Darling Range project areas, four tenements in the Kimberley project area and two in the Northern Territory. Three of these licenses have been granted in the North Darling Range Project area and a further one receiving Ministerial recommendation for grant in this project area.

The Company is primarily focused on defining an initial sustainable economic bauxite resource sufficient to support a >3Mtpa direct shipping bauxite project through an intensive exploration and data review program to be undertaken in 2008/9 as Stage One. The Company is also reviewing the opportunities for the development of an alumina refinery as Stage Two in the longer term.

Bauxite ore is the primary raw material for refining into alumina, which is subsequently smelted creating aluminium. For further information please visit: www.bauxiteresources.com.au

Background – Shandong Provincial Bureau of Geology & Mineral Resources

Established in 1958, SDGM is a Chinese provincial government organisation with a staff of 13,775. There are 21 geology and prospecting entities attached to the Bureau engaged in; geo-mineral exploration, hydro geological exploration, environmental geological survey, exploitation and development of minerals.

Over the last 50 years, SDGM has discovered, assessed and invested in some 81 mineral projects worldwide including:

- 167 gold mines with proven reserves accounting for 25% of the country's total;
- The first original diamond deposit with a reserve of 3.49 million grams;
- Proved iron ore deposit of over 2 billion tons;
- Coal deposits of more than 25 billion tons;
- Gypsum of some 38 billion tons; and
- Sapphire deposits of over 1,445 kilograms.

SDGM has completed over 3,000 projects in relation to geological services, generating 10 trillion RMB in value to the Chinese economy.

The Bureau has been involved in many exploration and development projects in more than a dozen countries as well as in other parts of China. These projects include geotechnical surveys and foundation-laying works pertaining to the construction of airports, rails, cableways and sports facilities like Beijing Olympic Games venues. For further information please visit: www.sddkj.com

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