



BAUXITE RESOURCES GRANTED TWO ADDITIONAL EXPLORATION LICENCES AT MUCHEA PROJECT

FIRST EXPANSION OF EXPLORATION PORTFOLIO, WITH AN ADDITIONAL 26 LICENCES UNDER APPLICATION

Recently-listed Australian bauxite explorer, Bauxite Resources Limited (**ASX: BAU – “Bauxite”**), is set to expand its exploration focus, today announcing the **granting of two additional Exploration Licences** (EL’s) at the Company’s **Muchea Project** and the application for an additional four exploration licenses in the Darling Ranges of Western Australia - A region that produces approximately 17 % of the world’s alumina.

The two additional granted tenements bring Bauxite’s total granted ground holding at the Muchea Project to 499 kms² or 49,900 hectares.

Chairman of Bauxite Resources, Mr Luke Atkins, said the granting of the two tenements and the four additional license applications represented the first phase in a planned expansion of the Company’s ground position in the Darling Ranges.

“Bauxite Resources now has three granted Exploration Licences at the Muchea Project and has an additional 26 licences currently under application,” he said. “The Company’s aim is to build a significant exploration portfolio in this highly prospective region, with a view to developing a sustainable bauxite/alumina industry to tap into the increased demand associated with China’s development.”

Projects

The **Muchea Project** covers part of the Darling Range ground that was previously explored in the 1960’s and 70s by CSR, Hancock, Wright and Pacminex and proceeded to a State Agreement. During that time, in excess of \$2m was spent investigating the potential for the Muchea bauxite material to support an alumina refinery. The feasibility work included extensive and high-quality drilling programs, metallurgical testwork, resource estimations, and plant feasibility, which in today’s terms would be in the vicinity of \$50m .The Muchea Project covers ground that extends beyond these previously explored areas which are reported to contain bauxitic laterite.

The Company’s has two further assets, the first being the **South Darling Range Project** – which includes freehold ground adjacent to the Willowdale Mine and Alcoa’s Huntley Mine, (Huntley being the largest bauxite mine in the world) and areas surrounding Alcoa’s mineral lease area.

The second asset is the 1,765km² **Kimberley Bauxite Project**, which is adjacent to the bauxite exploration areas of the Mitchell Plateau and Cape Bougainville, areas which contain some of the largest known bauxite deposits in the world.

Bauxite/Alumina Market

Australia currently produces over 40% of the world’s bauxite and in combination with Guinea, contains approximately 50% of the world’s reserves. The primary use of bauxite is in the production of aluminium which is derived from alumina, a processed form of bauxite.

Over the past five years the substantial increase in world demand for aluminium has seen alumina production running at close to full capacity. This demand, led by China, has resulted in a reduction of world alumina stockpiles and a corresponding strong increase in the spot price for aluminium which, for the first eight months of 2007 averaged US\$2,740 a tonne, nearly 7 per cent higher than the 2006 average price of US\$2,570 a tonne.

In the same five year period, there has also been a noticeable consolidation within the aluminium industry evidenced with the many takeovers including Alumax, Inespal, Alpix and Reynolds by Alcoa and more recently, the US\$38.1 billion takeover of Alcan by global mining giant, Rio Tinto.

The above economic factors, in combination with the fact that the Company's tenements are in close proximity to established infrastructure, - including ports, rail, road networks and alumina refineries - represents the possibility for Bauxite Resources to re-visit the early alumina refinery studies and to investigate the potential for early cash flow from the direct shipping of bauxite ore.

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Bauxite Resources – Background

Bauxite Resources was founded in May 2006 for the purpose of securing tenements over land deemed prospective for bauxite mineralisation. It listed on the ASX on 22 October 2007 after closing its A\$7.5 million IPO early and oversubscribed.

The Company is looking to establish itself in the Bauxite and alumina industries in Western Australia, and is the only ASX-listed junior explorer in the highly prospective Darling Range, which produces approximately 17% of the world's alumina and is home to Alcoa's Huntly Mine, the largest producing bauxite mine in the world.

The Company has applied for 25 tenements in the three project areas of Muchea, South Darling Range and Kimberley and is primarily focused on defining a sustainable, economic bauxite resource through an intensive exploration program to be undertaken in 2008. It will then look to develop a bauxite export industry by direct shipping and to further assess potential resources with a view to the development of an alumina refinery.

For further information please go to www.bauxiteresources.com.au.

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