

## **HEADS OF AGREEMENT SIGNED WITH YANKUANG CORPORATION FOR 50/50 ALUMINA JOINT VENTURE**

The Board of Bauxite Resources Ltd (“BRL”) is pleased to announce that it has today signed a Heads of Agreement with Yankuang Corporation (Yankuang) for the joint development and ownership of an alumina refinery in the south west of Western Australia.

The signing ceremony held today was attended by senior Federal and Western Australian government representatives and agencies, the Chairman of Yankuang Group and the Director General of the State-owned Assets Supervision and Administration Commission of Shandong Province, the Chairman, Managing Director and Board Members of BRL.

The principle terms of the Heads of Agreement are as follows:

- 1) An agreement will be established to explore and exploit over time a total area of circa 1000 square kilometres of BRL’s tenements (granted or under application) in the Darling Range in the south west of Western Australia (“Tenement Cooperation Agreement”).
- 2) An agreement will be established to explore and exploit BRL’s Darling Range South tenements for a total area of circa up 10,000 square kilometres. The costs of the exploration of this area to be shared by BRL and Yankuang 51% and 49% respectively (“Bauxite Resource Joint Venture”).
- 3) BRL and Yankuang will undertake all works and studies necessary to obtain a Bankable Feasibility Study (BFS) for the development of the proposed alumina refinery. The BFS is to establish refinery grade bauxite of no less than 150 million tonnes (with a target of 300 million tonnes).
- 4) Under the proposed “Alumina Refinery JV Agreement”, Yankuang will contribute 75% of the costs of the proposed alumina refinery to earn a 50% interest in the proposed refinery. BRL will receive a 25% free carried interest and will fund a further 25% to bring its interest up to 50%.
- 5) Subject to shareholder and regulatory approval in both China and Australia, Yankuang will subscribe for 19.7 million shares in BRL at a price of \$0.50 per share.

FIRB and shareholder approval has already been granted for the placement of 19.7 million shares and BRL will proceed with the placement following receipt of the \$9.85 million. FIRB approval has also been granted for the 50/50 alumina joint venture.



The Managing Director of Bauxite Resources Ltd Mr Daniel Tenardi said today's signing of the Heads of Agreement is a significant achievement for BRL and Yankuang after months of extensive negotiations necessary for a large project.

"The proposed alumina joint venture is a significant value adding project that will create many jobs and revenue for Western Australia," Mr Tenardi said.

"BRL and Yankuang will now proceed with the detailed engineering studies, environmental and regulatory approvals and resource evaluations necessary to bring to fruition a modern, world class, socially and environmentally responsible, low cost alumina producer.

The Boards of BRL and Yankuang wish to extend their thanks to their respective government agencies for their support and we look forward to working with staff, government and other stakeholders over the next few years to bring this exciting project online."

**-ENDS-**

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