

**AGREEMENT OF KEY TERMS FOR PROPOSED FARM-IN AND JOINT VENTURE AGREEMENTS
PURSUANT TO MOU WITH
SHANDONG PROVINCIAL BUREAU OF GEOLOGY AND MINERAL RESOURCES**

Further to the announcement on 19th November 2008 which outlined a Memorandum of Understanding (MOU) with Shandong Provincial Bureau of Geology & Mineral Resources (SDGM), Bauxite Resources Ltd (BRL) is pleased to announce it has agreed the key terms for Farm-In and Joint Venture Agreements for its Darling Range Project (for minerals other than bauxite) and in relation to its Kimberley Project (all minerals).

The agreement of key terms is a significant step in finalizing the complex formal documents required for the exploration and development of BRL's exciting projects. The agreements will allow BRL to exploit the value of minerals on its Kimberley tenements and for all minerals other than bauxite on its Darling Range tenements without the need to fund this exploration expenditure and will allow BRL to concentrate on its core activity of bauxite exploration and development in the Darling Range.

A summary of the key terms for the respective projects is as follows:

Darling Range:

1. BRL will grant SDGM exclusive access on tenements (granted and under application) selected by SDGM to explore for minerals other than bauxite.
2. SDGM will meet the minimum expenditure commitments for each selected tenement plus all rents and rates.
3. SDGM will earn a 75% interest in the minerals other than bauxite upon the completion of a bankable feasibility study enabling a decision to mine.
4. Each JV participant will contribute to joint venture costs in proportion to its JV interest following the decision to mine.

Kimberley:

1. BRL will grant SDGM exclusive access on tenements (granted and under application) selected by SDGM to explore for all minerals.
2. SDGM will meet the minimum expenditure commitments for each selected tenement plus all rents and rates.
3. SDGM will earn an 80% interest in all minerals upon the completion of a bankable feasibility study enabling a decision to mine.
4. Each JV participant will contribute to joint venture costs in proportion to its JV interest following the decision to mine.



The key terms for both projects will allow for dilution and withdrawals and assignments to related body corporate and other typical clauses such as the formation of management committees.

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Background - Bauxite Resources Limited

Bauxite Resources Limited (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 22 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 now has approximately \$10.5million cash in the bank.

The Company is the largest tenement holder in the Darling Range with approximately 12,000km². 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 65 tenements in the four project areas; 61 tenements are located in the North, South and East Darling Range project areas and four tenements in the Kimberley project area. 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 back ground information on Shandong Provincial Bureau of Geology & Mineral Resources please refer to our previous announcement dated 19th November 2008.

For further information please visit: www.bauxiteresources.com.au
