



11 November 2008

\$15m Cape Alumina IPO opens with \$10.25 million pre-committed

Emerging bauxite producer Cape Alumina Limited's \$15 million Initial Public Offering (IPO) opens for subscriptions today. Proceeds will be used to fund pre-development of the Company's promising Pisolite Hills bauxite mining project on Queensland's Cape York Peninsula.

Cape Alumina (ASX Code: CBX), **Australia's leading pure-play bauxite company**, holds 100% interest in the largest land position (approximately 2,400 km²) outside of RioTinto Alcan's tenements in the world-class Weipa Bauxite Province.

Owned 40% by the listed commodity resource company, Metallica Minerals Limited (ASX Code: MLM), Cape Alumina has spent well over \$8m since 2004 to establish a resource of 101 million tonnes (Mt) of *insitu* bauxite (comprising 76Mt Indicated Resource and 25Mt Inferred Resource at an average washed grade of 53.5% Al₂O₃, 12.2% SiO₂, 7.4% reactive silica and average recovery of almost 70%) at Pisolite Hills and has significant exploration upside potential.

The offer of a minimum of 30 million shares at \$0.50 per share to raise \$15 million has provision for over-subscription for up to a further 20 million shares enabling the Company to raise up to \$25 million.

Cape Alumina's Chairman-elect, Mr George Lloyd, said the Company had been able to press ahead with the IPO in spite of recent market turbulence after receiving a minimum of \$10.25 million in commitments from existing shareholders Chiping Xinfu Huaya Alumina Co Ltd (Xinfu) and Resource Capital Funds (RCF), and from a **major new investor**.

"This support underpins the quality of the company's assets and its potential to help meet China's rising demand for raw materials. It also reflects well on the strength of the Company's management team and the quality of its major shareholders, including cornerstone investor Metallica," Mr Lloyd said.

Xinfu, one of China's largest aluminium companies, acquired a 17.5% stake in Cape Alumina early in 2007 and recently entered into an off-take agreement with Cape Alumina for the supply of 1 million tonnes of bauxite per year over five years.

Assuming the minimum subscription, Cape Alumina's issued capital will be 130 million shares and its market capitalisation at the offer price will be \$65 million. Metallica will remain the largest shareholder with approximately 30% of Cape Alumina following its listing.

Funds raised through the IPO will be used to complete a feasibility study for the development of the Pisolite Hills bauxite deposit, including an environmental impact study, and an indigenous land use agreement with the aboriginal parties. Extensive regional exploration programmes to increase the Company's bauxite resource base will also be carried out.

"The Company has an experienced Board and an experienced and highly motivated management team which, together with other key stakeholders, are committed to ensuring near-term bauxite production and a long production life," Mr Lloyd said.

In a recent presentation, Influential London-based resource sector consultancy Commodity Research Unit referred to a current lack of investment in the development of new bauxite mines and noted that miners exposed to bauxite would fare well in 2009.

INVESTMENT HIGHLIGHTS

- Emerging bauxite producer with substantial land position covering approximately 2,400 km² in the world-class Weipa Bauxite Province in Cape York, Queensland, Australia.
- Production targeted for export primarily to China's alumina refinery market.
- Pisolite Hills Project believed to be the largest independently owned JORC code-compliant bauxite resource in Australia with significant expansion potential.
- Pre-feasibility study completed July 2008, Bankable Feasibility Study planned for completion late 2009 and production planned to commence in 2012-13.
- Proposed bauxite production of up to 7 million tonnes per year for export will position Cape Alumina among the top 10 bauxite producers in the world.
- Established relationships with key Chinese aluminium companies including Xinfu which has signed a five-year off-take agreement for 1Mtpa.
- China is the world's largest aluminium consumer and producer and relies heavily on imported bauxite because of its huge demand and limited bauxite reserves.
- Existing substantial shareholders Xinfu and Resource Capital Fund (RCF) to subscribe to the IPO and maintain their interests at a minimum of 17.5%.
- Firm commitments of a minimum of \$10.25 million already received for IPO subscriptions.
- Four exploration access agreements already in place with traditional land owner groups.

KEY DATES

Applications Open	11 November 2008
Applications Close	28 November 2008
Allotment of Shares under this Prospectus	2 December, 2008
Dispatch of Statements of Shareholder Entitlements	4 December, 2008
Anticipated Date of Trading of Shares listed for quotation on ASX	8 December, 2008

The Cape Alumina offer is being made pursuant to a Replacement Prospectus dated 07 November 2008 which is available free of charge by contacting Cape Alumina on +617 3229 3644, by email to info@capealumina.com.au or by downloading from Cape Alumina's website at www.capealumina.com.au. Prior to making an investment decision you should consider the Prospectus carefully.

If you want to acquire Cape Alumina shares you will need to complete the Prospectus application form accompanying the Prospectus.

Competent Persons Statement

The mineral resources information in this report is based on, and accurately reflects, information compiled by Dr Paul Messenger BSc (Hon) Geology, PhD (CEO of Cape Alumina Ltd) who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Messenger has the relevant experience in relation to the mineralisation and resources being reported upon to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Dr Messenger consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.



Cape Alumina is a Brisbane-based, Cape York-focused emerging bauxite company. Cape Alumina has international support from Chinese alumina majors including Xinha, one of China's largest aluminium and alumina producers. Cape Alumina is evaluating the development of the 7Mtpa Pisolite Hills project and plans to complete an Indigenous Land Use Agreement, Environmental Impact Study and Bankable Feasibility Study in 2009 with permits and approvals in 2010, finance and construction between 2011 and 2012 and production to commence 2012-13.

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Media

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