| **Phone:** +61 7 3844 9911 |
| **Fax:** +61 7 3844 9919 |
| **Web:** www.capealumina.com.au |
| **Postal:** GPO Box 291, Brisbane QLD 4001 |
| **Office:** Suite 6 / 56 Peel St, South Brisbane QLD 4101 |

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Pisolite Hills bauxite 30% resource upgrade to 130Mt

Brisbane-based emerging bauxite company Cape Alumina (ASX code: CBX) has today released details of a 30% increase in bauxite resources for its Pisolite Hills project on the Weipa bauxite plateau of western Cape York, Queensland.

Key Points

- **Pisolite Hills resource upgrade to 130Mt *in situ* bauxite sufficient for 12 to 15 year initial mine life.**
- **Expected beneficiation yield of 86.1 Mt on a dry tonnage basis.**
- **The resource upgrade will form a pivotal component of the Bankable Feasibility Study (BFS) due to commence in September.**
- **Further drilling to upgrade resource categories planned for the 2009 field season.**

Cape Alumina CEO, Dr Paul Messenger said the resource upgrade was the result of compilation and modeling of first pass drilling at the PH5 plateau and dry bulk density testwork on PH1 and PH2 plateaus completed during the 2008 field season.

The revised estimate represents an *in situ* Mineral Resource of **130.2 million tonnes** of Measured (27.5 Mt), Indicated (56.1 Mt) and Inferred (46.6 Mt) bauxite (Table 1). This resource is exclusive of bauxite that falls within the recommended High Preservation Areas around minor tributaries and springs which were proposed by the Company in its recent submission to the State Minister of Environment and Resource Management on the declaration of the Wenlock River Basin as a Wild River Area.

After wet beneficiation, the resource is expected to yield 86.1 Mt of product bauxite on a dry basis including Measured (20.1Mt), Indicated (37.9Mt) and Inferred (28 Mt) Resources at an average grade of 53.1% Al_2O_3 (41.5% Available Alumina and 7.5% Reactive Silica at 150°C - see Table 1).

Dr Messenger welcomed the resource upgrade as another positive sign of the viability of the Pisolite Hills project.

“These results provide us with further confidence of the scale and quality of the Pisolite Hills deposits,” Dr Messenger said.

“We see potential for an initial 12-15 year operation at Pisolite Hills at a target production rate of 7 Mtpa. There’s a growing market for the resource as the bauxite is suitable as a blending feed for the new breed of low-temperature Bayer-process refineries in China.

“This new resource statement will form a key component of the Bankable Feasibility Study (BFS) due to commence in September. Further drilling in the 2009 field season will aim to increase the percentage of the resource in the Measured and Indicated categories.”

The reported Pisolite Hills resource is based on drilling undertaken by Cape Alumina in 2006, 2007 and 2008 (see Figure 1), chemical analyses on the samples conducted by ALS Chemex laboratory in Brisbane, and data compilation, data validation, geological modeling and resource estimation completed by Snowden Mining Industry Consultants (Snowden).

PH5 Resource Estimate

In 2008 Cape Alumina conducted an aircore drilling program over the PH5 plateau which represents an area of approximately 30 km^2 within EPM15278 (Figure 1). A total of 440 holes were drilled on a 320m x 160m grid with sampling undertaken on a 0.25m interval basis with 0.5m composite samples collected from within the bauxite horizon. A total of 2319 samples were submitted to ALS laboratory in Brisbane for Tri-hydrate Available Alumina (THA) and Reactive Silica ($RSiO_2$) analyses on a beneficiated sample basis using a 1.2mm mesh size. All samples with THA ≥36% were re-analysed for total oxides and Loss on Ignition (LOI).

Snowden has reviewed the data provided by Cape Alumina for the PH5 drilling and considers the data adequate for mineral resource estimation and public reporting purposes in accordance with the guidelines of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition). Geological interpretation of bauxite has been based on geological logging and assay analyses. Bauxite has been defined using the below criteria:

- >=37% THA
- <=9% $RSiO_2$
- >= 0.5m thickness

The Mineral Resource for PH5 is reported as 24.1 Mt of *in situ* bauxite expected to yield 13.4 Mt of Inferred beneficiated bauxite on a dry basis with an average beneficiated grade of 50.8% Total Al_2O_3, 13.3% Total SiO_2 or 40.6% THA and 8.3% Reactive Silica (see Table 1).

Dry Bulk Density Determinations

In addition, fourteen large diameter (135mm) sonic drillholes were completed across PH1 (4 holes) and PH2 (10 holes) to determine the *in situ* dry bulk density of the bauxite. A total of 408 samples were collected at 0.25m intervals from within the bauxite profile. The samples were weighed on site and stored in sealed plastic bags prior to transportation to ALS in Brisbane where they were weighed again, dried and then reweighed to calculate the *in situ* moisture content of the bauxite.

Snowden reviewed the sonic drilling dry bulk density results and concluded that while significant variation in density exists throughout the bauxite profile, both vertically and laterally, a global density of 1.8 g/cm^3 for plateau PH2 is considered appropriate for resource reporting. Additional density testwork is planned for all other plateaus. Snowden consider that the resource estimate for plateau PH2 is now at a Measured classification and that a less than 10% variation in grade and tonnage is to be expected from the estimated quarterly production values at a 90% confidence level.

An updated Global Resource has been calculated for the Pisolite Hills deposits (Table 1) including the results of the PH5 drilling and the *in situ* dry bulk density programs The resource update uses a global *in situ* dry bulk density of 1.8 g/cm^3 to estimate tonnages for PH1, PH2, PH3 and PH4 and a more conservative value of 1.6g/cm^3 for PH5 and PH6 where the drilling is widely spaced and no bulk density tests have yet been undertaken.

Snowden reported the Pisolite Hills Mineral Resource according to the guidelines of the JORC (2004) code (Table 1).

Table 1. Mineral Resource for Pisolite Hills bauxite deposits within EPM14547 and EPM15278.

Area	Resource Category	In-situ Dry Tonnes (Mt)	Dry Beneficiated Tonnes (Mt)	Beneficiated Bauxite Qualities							
				Total SiO_2 (%)	Total Al_2O_3 (%)	Fe_2O_3 (%)	TiO_2 (%)	LOI (%)	Recovery (%)	$RSiO_2$ (%)*	THA (%)**
PH1	Indicated	47.0	31.3	12.5	53.5	6.2	2.2	25.4	66.5	7.7	41.9
	Inferred	17.3	11.0	13.2	53.0	6.2	2.2	25.2	63.3	8.0	41.3
	Total	**64.3**	**42.2**	**12.7**	**53.3**	**6.2**	**2.2**	**25.3**	**65.7**	**7.8**	**41.7**
PH2	Measured	27.5	20.1	10.8	54.4	6.7	2.2	25.6	73.1	6.4	41.8
	Inferred	0.4	0.3	10.9	54.0	7.3	2.2	25.4	76.8	6.5	41.8
	Total	**27.9**	**20.4**	**10.8**	**54.4**	**6.7**	**2.2**	**25.6**	**73.2**	**6.4**	**41.8**
PH3	Indicated	5.9	4.3	13.6	53.1	6.0	2.2	24.7	73.7	7.7	40.8
	Inferred	3.5	2.4	14.3	52.2	6.3	2.1	24.8	69.6	8.2	39.7
	Total	**9.4**	**6.8**	**13.9**	**52.8**	**6.1**	**2.2**	**24.8**	**72.2**	**7.9**	**40.4**
PH4	Indicated	3.2	2.3	10.7	53.9	7.4	2.2	25.5	72.7	6.6	42.1
	Inferred	1.3	0.9	11.0	53.6	7.5	2.2	25.3	73.0	6.8	41.5
	Total	**4.5**	**3.3**	**10.8**	**53.8**	**7.4**	**2.2**	**25.5**	**72.8**	**6.6**	**41.9**
PH5	Indicated	-	-	-	-	-	-	-	-	-	-
	Inferred	24.1	13.4	13.3	50.8	8.7	2.5	24.4	55.6	8.3	40.6
	Total	**24.1**	**13.4**	**13.3**	**50.8**	**8.7**	**2.5**	**24.4**	**55.6**	**8.3**	**40.6**
PH6	Indicated	-	-	-	-	-	-	-	-	-	-
	Inferred	2.2	1.3	11.8	50.2	9.7	2.3	25.7	59.7	9.2	39.4
	Total	**2.2**	**1.3**	**11.8**	**50.2**	**9.7**	**2.3**	**25.7**	**59.7**	**9.2**	**39.4**
Total Measured		**27.5**	**20.1**	**10.8**	**54.4**	**6.7**	**2.2**	**25.6**	**73.1**	**6.4**	**41.8**
Total Indicated		**56.1**	**37.9**	**12.5**	**53.5**	**6.2**	**2.2**	**25.3**	**67.6**	**7.6**	**41.8**
Total Inferred		**46.6**	**28.0**	**13.2**	**51.8**	**7.6**	**2.3**	**24.8**	**60.2**	**8.1**	**40.8**
GLOBAL TOTAL		**130.2**	**86.1**	**12.4**	**53.1**	**6.8**	**2.2**	**25.2**	**66.1**	**7.5**	**41.5**

* $RSiO_2$ – Reactive silica at 150℃

** THA - Trihydrate Available Alumina (*gibbsite alumina + kaolinite alumina - low temperature desilication product [DSP] alumina*) at 150℃

Note: The Pisolite Hills Mineral Resource has been reported assuming that the bauxite will be blended with an external source during low-temperature processing to ensure that the bauxite material feed achieves reactive silica and iron oxide thresholds specific to a nominated alumina refinery.

Competent Persons Statement

The information in this report related to Mineral Resources was compiled by Mr Justin Legg and Mr Matthew Nimmo and reviewed by Mr Justin Watson, who are full time employees of Snowden Mining Industry Consultants. Mr Legg and Mr Watson are Members of The Australasian Institute of Mining and Metallurgy and Mr Nimmo is a Member of the Australian Institute of Geoscientists. The Mineral Resource estimate is based upon and accurately reflects data compiled by Mr John Cameron who is a full time employee of Cape Alumina Limited and reviewed by Mr Legg, Mr Nimmo and Mr Watson. Mr Legg, Mr Nimmo, Mr Watson and Mr Cameron all consent in writing to the inclusion in the matters based on the information and context in which it appears in this report.

Mr Watson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". The information in this report that relates to Exploration Results is based on information compiled and supplied by Mr John Cameron from Cape Alumina Limited. Mr John Cameron is a full-time employee of Cape Alumina Limited and a member of the Australasian Institute of Mining and Metallurgy.

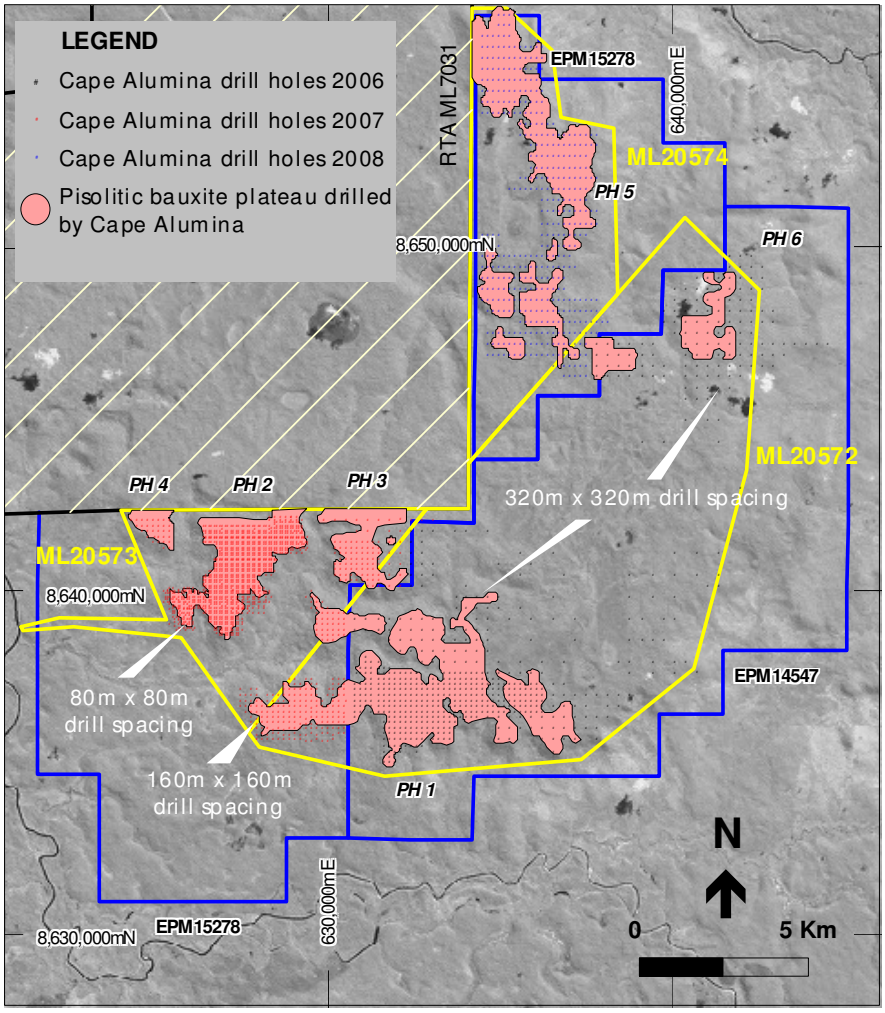

Figure 1 Pisolite Hills Project Drilling 2006-2008.

About Cape Alumina

Cape Alumina is a Brisbane-based, Cape York-focused emerging bauxite company. Cape Alumina has international support from Chinese alumina majors including Xinfa, one of China's largest aluminium and alumina producers.

The Pisolite Hills bauxite project is centred on an elevated open, dry bauxite plateau approximately 50 km northeast of Weipa in Cape York in Queensland.

Subject to a positive feasibility study and successful financing, construction is expected to be carried out between 2012 and 2013 and bauxite production is planned to commence in 2013/14 at the target rate of 7 million tonnes per annum of dry bauxite product.

The Pisolite Hills EIS is being fully funded by Cape Alumina Limited and will represent the most comprehensive environmental study ever undertaken in the area. The EIS will be assessed by the Queensland Department of Environment and Resource Management and the Commonwealth Department of Environment, Water, Heritage and the Arts.

For Media Enquiries Ian Eckersley Ph: 07 3503 5700 or 0404 459 553
ian@threeplus.com.au