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Positive Results from Pisolite Hills Environment studies

Groundwater investigations carried out on behalf of emerging Queensland bauxite company Cape Alumina Limited (ASX code: CBX) have confirmed the absence of any connectivity between the ground water flow beneath its proposed Pisolite Hills project on western Cape York and the bauxite deposits.

Key Points

- **Hydrology results indicate that the catchment and springs in the vicinity of Pisolite Hills do not contribute significant wet or dry season base flows to the Wenlock River.**
- **Bauxite at Pisolite Hills is not the source of ground water flows to the springs and Wenlock River.**
- **The bauxite horizon is not important for groundwater storage nor is it critical for wet season recharge of the underlying sand-gravel aquifer.**
- **Mining of the bauxite profile will have no impact on the hydrologic connectivity between the groundwater reservoir and the springs and Wenlock River.**
- **Removal of bauxite during mining at Pisolite Hills can occur without impacting springs in the vicinity.**

The surface and groundwater studies undertaken as part of the Company's comprehensive Environmental Impact Study (EIS) confirmed that the bauxite was not the source of groundwater flows to springs, tributaries or the Wenlock River and also established that springs in the vicinity of Pisolite Hills made no significant contribution to wet or dry season base flows of the Wenlock River.

Cape Alumina's Chief Executive Officer Dr Paul Messenger said extensive hydrogeology studies concluded that the bauxite horizon was not critical for the recharge of the underlying sand-gravel aquifer and that mining of the bauxite would have no impact on the hydrologic connectivity between the source reservoir and the springs.

Dr Messenger said the studies by Australasian Groundwater & Environmental Consultants proved that the bauxite did not act as a sponge or a water filter critical to the health of the springs or the river.

"These preliminary hydrology results are a very positive finding for the Pisolite Hills project which is on track for submission of the EIS in early 2010. Overall, the studies we have done give Cape Alumina and its investors the confidence to progress towards execution of the next stages of the project," Dr Messenger said.

Dr Messenger said the EIS studies had also revealed a number of small "evergreen springs" dotted around the margins of the bauxite plateau in the vicinity of Pisolite Hills which had not previously been properly described.

These springs will be fully described in the Pisolite Hills EIS, which is due for release early in 2010.

Dr Messenger said over 100 of these springs had now been mapped in the area north and east of Weipa with a similar number of linear "evergreen springs" also in the area north and east of Weipa. Most of these are situated well away from the Pisolite Hills mining lease applications.

Importantly, there is no overlap between the Pisolite Hills project area and any of the remnant Bertiehaugh Dry Vine Forest National Estate protection zones, which lie between 10 and 20 km east of Pisolite Hills on the Bertiehaugh Cattle Station.

Study Findings

The stratigraphic profile of rock layers of the bauxite-bearing plateau, as determined by extensive exploration and hydrogeological drilling conducted by Cape Alumina, clearly show that the bauxite forms a blanket-like deposit at the surface which extends down to an average depth of 3.5m and overlies an ironstone layer.

The ironstone layer lies over a clay horizon which, in turn, overlies a thick sand-gravel aquifer. The bauxite was found to be dry in the dry season and throughout most of the wet season, whereas the underlying sand-gravel aquifer held water throughout much of the year and provided groundwater flows to the springs in the vicinity of Pisolite Hills.

Reports prepared under the Pisolite Hills EIS show that the catchment area of the four largest springs in the vicinity of Pisolite Hills represented 0.0015% - or fifteen ten-thousandths - of the catchment area of the Wenlock River Basin.

The total combined flow data from these catchments measured over the recent wet season and the late 2008 dry season, represents 1.06% of the long-term average wet season discharge and 0.24% of the average dry season discharge of the Wenlock River Basin (Geoaxiom Pty Ltd, 2009).

Dr Messenger said the springs in the vicinity of Pisolite Hills consequently did not contribute significant wet or dry season base flows to the Wenlock River.

“The hydrologic connectivity between the groundwater reservoir, the springs and the Wenlock River will be fully protected under any proposed mining plans for Pisolite Hills,” Dr Messenger said.

The proposed mining areas are situated on an open dry plateau dominated by “Darwin Stringybark”, the most abundant vegetation type in Northern Australia. The planned mining areas are currently classified under the Queensland Vegetation Management Act as being “Not of Concern” meaning that the vegetation is relatively common in Queensland.

About Cape Alumina and Pisolite Hills Bauxite Project

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.

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.

The EIS is an open, transparent and public process which will establish the baseline environmental conditions, identify any potential areas of environmental concern and set out an Environmental Management Plan to manage any potential adverse impacts from the proposed project.

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

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