

Monday, December 7 2009

WILD RIVERS DECLARATION DECISION DEFERRED

- **The Queensland Government has deferred making a decision on the declaration of the Wenlock River Basin as a Wild River Area until March 2010 pending receipt and assessment of further information**
- **Cape Alumina will continue to consult with the State Government and provide additional data about the Pisolite Hills bauxite project on western Cape York Peninsula to assist the process**
- **The proposed declaration has the potential to adversely affect the Pisolite Hills bauxite project if the boundaries of the buffer zones surrounding the river and associated features are set in an arbitrary rather than a scientifically sound way**
- **Cape Alumina has confidence in the scientific studies which show that the important environmental features of the Wenlock River Basin can be protected and the development of the Pisolite Hills project can proceed as planned**
- **Cape Alumina continues to make good progress towards completion of the project's Environmental Impact Statement and Bankable Feasibility Study**
- **The Pisolite Hills project will deliver significant social and economic benefits to the region and substantial economic benefits to the State while ensuring environmental protection of the Wenlock River and its associated features**

Cape Alumina Ltd (ASX Code: CBX) has been advised by the Queensland Government that a decision regarding the proposed declaration of the Wenlock River Basin in western Cape York as a Wild Rivers Area has been postponed until March 2010 pending the receipt and assessment of further information.

Chief Executive Officer Dr Paul Messenger said the Company was disappointed by the decision to defer the declaration but welcomed the opportunity to provide further information.

"We will continue to consult with the State Government and are happy to provide additional information to assist with the decision-making process," Dr Messenger said.

Dr Messenger said Cape Alumina was progressing towards completion of the most comprehensive Environmental Impact Statement (EIS) ever undertaken in the area and remains confident of delivering the project on time, subject to completion of feasibility studies, grant of usual permits and approvals, and finance.

"The scientific studies undertaken by Cape Alumina confirm that responsible and sustainable economic development of the Pisolite Hills project and environmental protection of the Wenlock River can both be achieved," he said.

In addition to the creation of hundreds of jobs, the Pisolite Hills project has potential to generate up to \$4 billion in export revenue from bauxite sales and hundreds of millions of dollars in royalties to the Queensland Government and taxes to the Commonwealth.

Cape Alumina expects to complete the EIS by the first half of next year and be in a position to commence project construction in 2012, subject to the outcome of the Bankable Feasibility Study and the receipt of all regulatory approvals.

About Cape Alumina and its Pisolite Hills 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.

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

The Pisolite Hills resource base is approximately 132 million tonnes (Mt) of *in situ* bauxite*. Continuing exploration of the company's surrounding tenements is expected to increase resources.

The project is based on the use of well proven and highly efficient mining and mineral processing technologies in a way which is cost effective and which minimizes the project's environmental footprint and provides scalability to allow the Company to tailor production to the bauxite market in an economically efficient way.

Subject to a positive feasibility study and successful financing, construction is expected to be carried out between 2012 and 2013 with bauxite production commencing in 2013/14 at a rate up to 7 Mt 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.

Competent Person Statement

The information in this report related to Exploration Results is based upon data compiled and supplied by Mr John Cameron from Cape Alumina Ltd. The information in this report related to Mineral Resources was compiled by Snowden Mining Industry Consultants Pty Ltd (Snowden), and is based upon and accurately reflects data compiled by Mr Cameron. The reported Mineral Resource has been reviewed by Mr Justin Watson whom at the time of reviewing was employed fulltime by Snowden. Messer's Cameron and Watson are Members of the Australasian Institute of Mining and Metallurgy and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they have undertaken to qualify as a Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Messer's Cameron and Watson consent in writing to the inclusion in the matters based on the information and context in which it appears.



*132.4 Mt in-situ to yield 87.3 Mt (20.1 Mt Measured + 37.9 Mt Indicated + 29.3 Mt Inferred) at an average grade of 53.1% Al₂O₃ (41.5% Trihydrate Available Alumina + 7.5% reactive SiO₂), at a minimum mining thickness of 0.5 m.

For further information please contact:

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