

Quarterly Report

For the period ending 31 March, 2010

ASX Release

27 April, 2010

“Australia’s Leading Independent Bauxite Company”

ASX Code: “CBX”

Issued Capital (31/03/2010)

Shares issued 129,050, 803

9,200,000 Directors & Management

Unlisted Performance Options

~440 shareholders

Top 20 shareholders:- Hold 98.5%

Directors:

Mr George Lloyd – *Independent Chairman*

Dr Paul Messenger - *Managing Director*

Mr Rennie Fritschy - *Non-Executive Director*

Mr Andrew Gillies – *Non-Executive Director*

Mr Jijun Liu – *Non-Executive Director*

Mr Peter Nicholson - *Non-Executive Director*

Mr Valentine Simrnyagin - *Non-Executive Director*

Company Secretary:

Mr John Haley - *Company Secretary/CFO*

Largest Shareholders:

Metallica Minerals Limited 32.88%

RCF (Funds III LP & IV LP) 22.08%

China Xinfra Group 18.60%

Bondline Limited 16.17%

Cash Balance

As at 31 March 2010, Cape’s consolidated cash balance was \$6.2 million.

Highlights

- **Economic Impact Assessment shows Pisolite Hills will contribute \$1.2 billion to gross domestic product and create or sustain 1700 direct and indirect jobs.**
- **Potential for early mining of Musgrave deposit identified.**
- **Community information centre and Pisolite Hills project office to be established in Mapoon township.**
- **Environmental Impact Study (EIS) progresses for 2010 submission**



Figure 1 Artists impression of Port Musgrave barge loading facility and stockpile

Exploration and Tenure

Cape Alumina controls 2,100 km² of tenements, including thirteen granted and four applications for Exploration Permits for Minerals, adjoining Rio Tinto mining leases in the Weipa Bauxite Province of Cape York, Queensland (Figure 2 and Table 1).

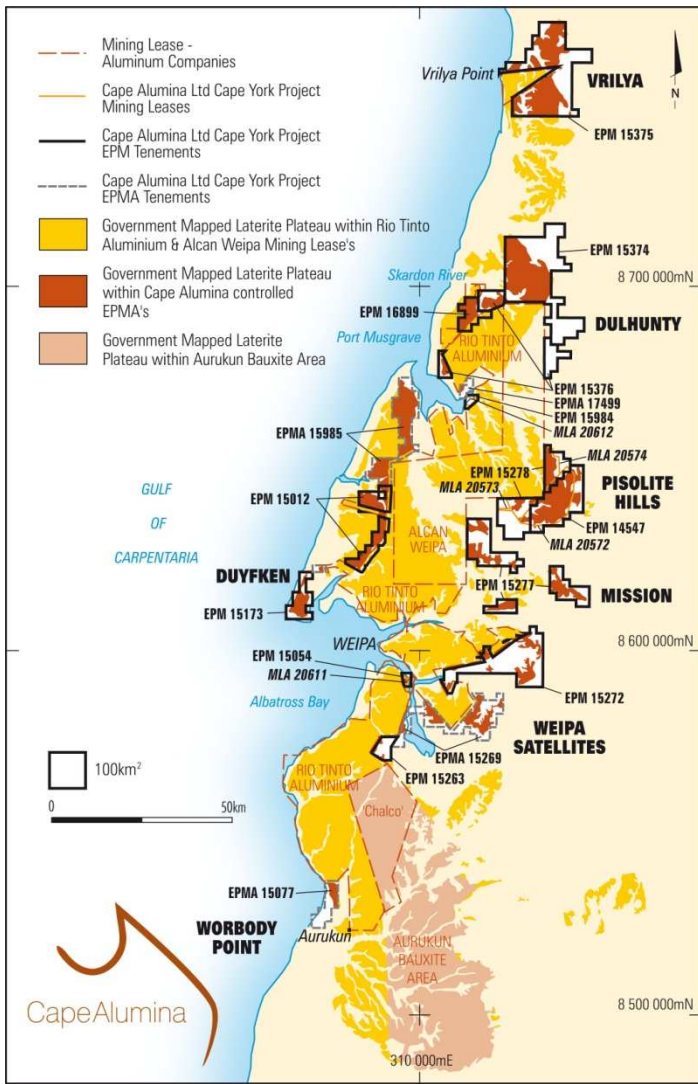


Figure 2. Location map of Western Cape York mining and exploration tenements

The Company also holds one granted Exploration Permit for Minerals and seven applications on its Central Queensland bauxite project (Table 2).

Pisolite Hills

Field activities on the Pisolite Hills project have been limited to ongoing environmental monitoring programs due to the wet season. This break in field based activity has allowed Cape Alumina to further develop Health, Safety, Environment and Community Management programs for the project including expansion of the site induction programme to incorporate a Field Guide of significant fauna and flora within the project area and the establishment of a Culture, Heritage and Environment Permit system for all field activities.

Musgrave

Initial investigations were commenced into the suitability of bauxite from the Musgrave deposit (EPM15984) for dry screening and also for sale as Direct Shipping Ore (DSO) that is eliminating the need for any washing. Initial

modeling of the results shows an indicated resource of approximately 2.1Mt of bauxite with an average grade of approximately 40% Trihydrate Available Alumina at 150°C (THA) and 7.5% Reactive Silica (RSI) on a dry product basis. This represents an approximate 50% increase in bauxite resources compared to the previous estimate, which was based on wet beneficiation, and provides potential for cost reduction. Further test work, analysis and market appraisal for this bauxite are underway.

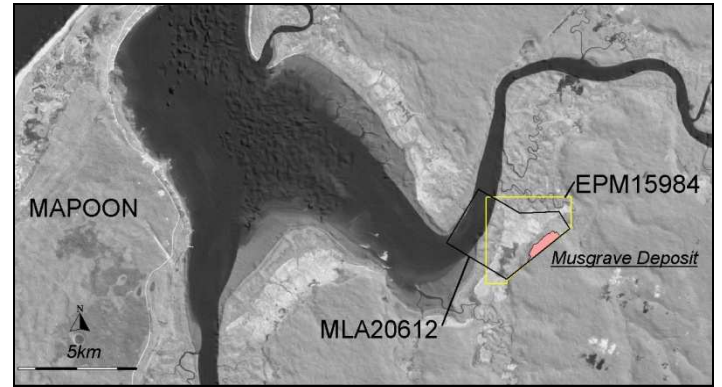


Figure 3 EPM15984 Musgrave Deposit

Western Cape York Regional

Planning is underway for exploration scout drilling to be undertaken on the Dulhunty project at Namaleta and Skardon prospects (Figure 4) as well as on the Andoom North prospect during the June and September quarters.

Mapping of remotely sensed data in these areas indicates potential for between 70 and 110Mt* of bauxite on a dry product basis, which could more than double the Company's existing resource base at Pisolite Hills.

**The potential quantity and grade of these deposits are conceptual in nature. There is insufficient information to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource in these areas.*

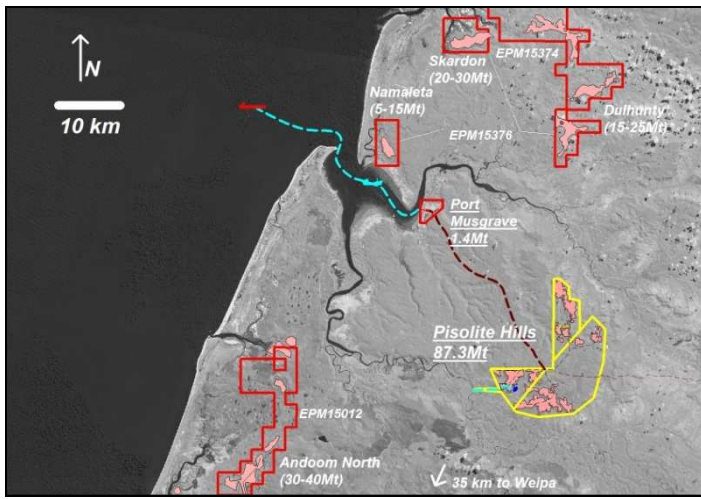


Figure 4. Location map showing Pisolite Hills and newly granted tenements EPM15012 (Andoom North), EPM15374 and EPM15376 (Namaleta, Skardon and Dulhunty) priority areas for exploration in 2010, bracketed figures are resource potential*. Note: Musgrave resource estimated is based on wet/dry screening at 1.2mm.

Central Queensland project – Toondoon

A technical review of the Central Queensland tenement package currently underway has resulted in the decision to withdraw one Exploration Permit for Minerals application, EPMA 18274 – Niall, in the east of the project area.

The evaluation of the remaining EPMA's will be completed in the June quarter.

Environment

Wild Rivers

The Company is still waiting for the Queensland Government decision on the proposed declaration of the Wenlock River Basin as a Wild River Area.

Cape Alumina has called on the State to reduce the extent of the High Preservation Areas (HPA) around the minor tributaries and springs in the vicinity of Pisolite Hills to a maximum of 200m on the basis of detailed environmental studies.

During the quarter a private Members' bill was introduced to Federal Parliament - the *Wild Rivers (Environmental Management) Bill*, and a Senate Inquiry was set down for hearings in Canberra (30 March) and Cairns (13 April).

Cape Alumina appeared before the Cairns hearing and presented an outline of the Pisolite Hills project, it's likely social and economic benefits and the likely impact on the

project of the declaration of the Wenlock River Basin as a Wild Rivers Area.

Cape Alumina advised the Senate Inquiry that a report by an independent hydrology expert, who was engaged by the State Government to assess submissions on the proposed Wild Rivers Area Declaration, agreed with Cape Alumina that the extent of the proposed HPA's in the vicinity of Pisolite Hills is unjustified and that mining bauxite here will have relatively little impact on the hydrology of the nearby springs.

Scientific studies completed to date confirm that responsible and sustainable economic development of the Pisolite Hills project and environmental protection of the Wenlock River can both be achieved, provided the state government determines the extent of the HPA's on the basis of sound science.

Environmental Impact Statement (EIS)

An economic impact assessment of the Pisolite Hills project was completed as part of the EIS. This report found that the Pisolite Hills bauxite mine and port project will boost Gross Domestic Product (GDP) by \$1.2 billion in Net Present Value (NPV) terms over the life of the project. In addition, 1,700 direct and indirect jobs will be created or sustained over the life of the project.

Most of the gains will occur in Queensland with 1,300 direct and indirect jobs in Far North Queensland and \$600 million added to the Gross Regional Economy of FNQ.

The majority of independent environmental baseline studies and reports have been completed and preparation of the EIS Report is well advanced.

Work is continuing on the Social Impact Assessment which is now due to be completed in early June. Final reports on dust and noise, groundwater hydrology, surface water and waste rock characterization are all due in early May. We are now working toward finalization and submission of the EIS in the September quarter.

Project environmental monitoring continued through the wet season with data collected further advancing the Company's understanding and knowledge of the baseline environmental conditions at Pisolite Hills and the surrounding areas (Figure 5).



Figure 5 Environmental monitoring, Wenlock River

Feasibility Study

Additional work was completed as part of the first stage of the bankable feasibility study (BFS) to strengthen the Pisolite Hills project design, which resulted in the identification of earlier cash flow potential following the and receipt of permits and approvals. The next stage of the BFS will now commence following a positive decision on Wild Rivers. The BFS will then take fifteen months to complete.

During the quarter, studies were concentrated on assessing the potential for integration of the Pisolite Hills construction phase with early mining from the Musgrave deposit.

Mining at Musgrave will involve the separate removal and storage of top soil and sub-soil (overburden) followed by the excavation of bauxite by Front End Loaders (FELs). The ore will either be dry screened in the pit to improve ore quality, or sold as DSO without any screening. A decision on these options will be made during the BFS.

The product bauxite will be loaded by FEL onto 100t capacity trucks and transported across a 1.8km long causeway to Port Musgrave where it will be dumped into a surge bin and transferred via a mobile conveyor/shiploader onto barges of 5,000 – 6,000 tonne capacity. The barges will be pushed or towed by tugs to Handimax size (approximately 50,000 tonne capacity) export vessels moored offshore from Cullen Point. No dredging will be required for this operation.

It is estimated that export operations could commence from the Musgrave deposit within 3-4 months of grant of the Mining Leases. Mining and rehabilitation of the Musgrave deposit will be integrated with the construction of the mine village and project infrastructure.

Cultural Heritage and Community

During the March quarter, Cape Alumina leased office space in the newly constructed Mapoon Land and Sea Centre at Mapoon. The office will be used as a base for Cape Alumina staff in the field and as the Pisolite Hills Community Information centre.

A video model presentation and an interactive physical model will be housed in the Community Information Centre together with other project related information.

The office and community information centre will play a central role in Cape Alumina's community consultation program throughout the planning, commissioning, operation and decommissioning phases of the project. Office visitors will be able to view copies of the EIS, after it has been released for public comment, and inspect project plans, models and audio visual presentations.

Mapoon resident Daphne De Jersey was appointed Community Liaison Officer and Mapoon Office Manager.

A social impact questionnaire of the local community was undertaken during the quarter to assist in the Social Impact assessment being prepared for the EIS.

Over seventy people attended a community information meeting at Mapoon. Numerous meetings were held with government agencies.

Corporate

A recruitment programme was initiated to fill a number of senior roles to move the company forward through the permitting phase of the Pisolite Hills project.

Financial

As at 31 March 2010, Cape Alumina Limited had funds on hand of \$6.2 million.

Table 1-Weipa - Exploration and Mining Tenement Schedule-100% owned by Cape Alumina Limited

Tenement	Project Name	Holder/ Applicant	Status (Expiry date)	Area Ha (MLAs) No. Sub Block (EPM)	Commodity Targeted	Min. Annual Expenditure
MLA 20572	Pisolite Hills 1	Cape Alumina Ltd	Application	12311.4	Bauxite-Kaolin	N/A
MLA 20573	Pisolite Hills 2	Cape Alumina Ltd	Application	3207.8	Bauxite-Kaolin	N/A
MLA 20574	Pisolite Hills 3	Cape Alumina Ltd	Application	3885.5	Bauxite-Kaolin	N/A
MLA 20611	Hey Point	Cape Alumina Ltd	Application	370.7	Bauxite	N/A
MLA 20612	Port Musgrave	Cape Alumina Ltd	Application	1050.3	Bauxite	N/A
EPM 14547	Pisolite Hills	Cape Alumina Ltd	Granted (19/4/2011)	48	Bauxite	\$50,000
EPM 15012	Mapoon	Cape Alumina Ltd	Granted (30/11/2014)	37	Bauxite-Kaolin	\$23,000
EPM 15054	Hey Point	Cape Alumina Ltd	Granted (29/4/2012)	4	Bauxite	\$20,000
EPMA 15077	Worbody	Cape Alumina Ltd	Offered for grant	15	Bauxite	\$15,000
EPM 15173	Duyfken Point	Cape Alumina Ltd	Granted (23/2/2014)	19	Bauxite	\$30,000
EPM 15263	North Coconut	Cape Alumina Ltd	Granted (29/4/2012)	12	Bauxite	\$30,000
EPMA 15269	Aurukun North	Cape Alumina Ltd	Offered for grant	55	Bauxite	\$50,000
EPM 15272	Weipa East	Cape Alumina Ltd	Granted (29/4/2012)	73	Bauxite	\$30,000
EPM 15277	Pisolite Hills South	Cape Alumina Ltd	Granted (22/12/2013)	64	Bauxite	\$30,000
EPM 15278	Pisolite Hills North	Cape Alumina Ltd	Granted (29/9/2012)	53	Bauxite	\$37,000
EPM 15374	Dulhunty	Cape Alumina Ltd	Granted (21/9/2013)	103	Bauxite	\$25,000
EPM 15375	Vrilya	Cape Alumina Ltd	Granted (21/10/2013)	107	Bauxite	\$25,000
EPM 15376	Ducie River	Cape Alumina Ltd	Granted (29/9/2014)	29	Bauxite	\$15,000

EPM 15984	Port Musgrave	Cape Alumina Ltd	Granted (23/2/2014)	4	Bauxite	\$13,000
EPMA 15985	Penefather	Cape Alumina Ltd	Offered for grant	45	Bauxite	\$13,000
EPM 16899	Skardon River	Cape Alumina Ltd	Granted (16/12/2014)	14	Bauxite	\$16,500
EPMA 17499	Eucid	Cape Alumina Ltd	Offered for grant	4	Bauxite	\$13,000

Note:-

All tenements 100% held unless expressed otherwise

EPM = Exploration Permit for Minerals

EPMA = Application for Exploration Permit for Minerals

MLA = Application for Mining Lease

Table 2-Central Queensland - Exploration and Mining Tenement Schedule-100% owned by Cape Alumina Limited

Tenement	Project Name	Holder/ Applicant	Status (Expiry date)	Area Ha (MLAs) No. Sub Block (EPM)	Commodity Targeted	Min. Annual Expenditure
EPM 15848	Toondoon	Cape Alumina Ltd	Granted (25/5/2013)	18	Bauxite	\$18,000
EPMA 18273	Loocher	Cape Alumina Ltd	Proposed Grant	100	Bauxite	\$80,000
EPMA 18275	Cadarga	Cape Alumina Ltd	Proposed Grant	21	Bauxite	\$20,000
EPMA 18276	Hawkwood	Cape Alumina Ltd	Application	52	Bauxite	\$42,000
EPMA 18277	Brovinia	Cape Alumina Ltd	Proposed Grant	90	Bauxite	\$72,000
EPMA 18278	Koko	Cape Alumina Ltd	Proposed Grant	28	Bauxite	\$20,000
EPMA 18281	Auburn	Cape Alumina Ltd	Proposed Grant	100	Bauxite	\$80,000

Note:-

All tenements 100% held unless expressed otherwise

EPM = Exploration Permit for Minerals

EPMA = Application for Exploration Permit for Minerals

COMPETENT PERSONS STATEMENT

Technical information relating to Cape Alumina Limited contained in this report has been compiled by Mr John Cameron who is a competent person and full time employee of Cape Alumina Limited and member of the Australasian Institute of Mining and Metallurgy with relevant experience to the mineralisation being reported on to qualify as a Competent Persons as defined by the Australasian Code for Reporting of Minerals, Resources and Reserves. Mr Cameron consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.