

Wednesday, 15 June 2011

ASX release: Exploration program at Bauxite Hills

Key points:

- **GeoDiscovery appointed to project manage exploration program to establish JORC resource at Bauxite Hills**
- **Wallis Drilling engaged for two-month drilling program**
- **Exploration Target of 50-100Mt* of beneficiated, dry-product bauxite**

Cape Alumina Limited (ASX code: CBX) has appointed a project manager and a drilling contractor to undertake a two-month advanced exploration program at the Bauxite Hills mine and port project.

The Company has appointed Mr Neil McLean of GeoDiscovery Pty Ltd as project manager for the exploration program which will require up to 8,000 metres of air-core drilling to be carried out by Wallis Drilling Pty Ltd.

The program, which is scheduled to commence in August 2011, has been designed to establish a JORC Code compliant resource over six of the seven plateaux (BH1 through to BH6) within the project area. (See project map below.) The Exploration Target is 50 to 100 Million tonnes* of beneficiated, dry-product bauxite.

The drilling and exploration program is the next step towards establishing a major bauxite mining and export facility on western Cape York.

Cape Alumina's acting Chief Executive Officer, Mr Neville Conway, said Neil McLean has more than 25 years' mineral exploration experience globally, with particular expertise in managing bauxite exploration and drilling programs.

"His expertise in all facets of program management, from green fields through to advanced projects, will be invaluable to Cape Alumina as we continue to develop our Bauxite Hills project."

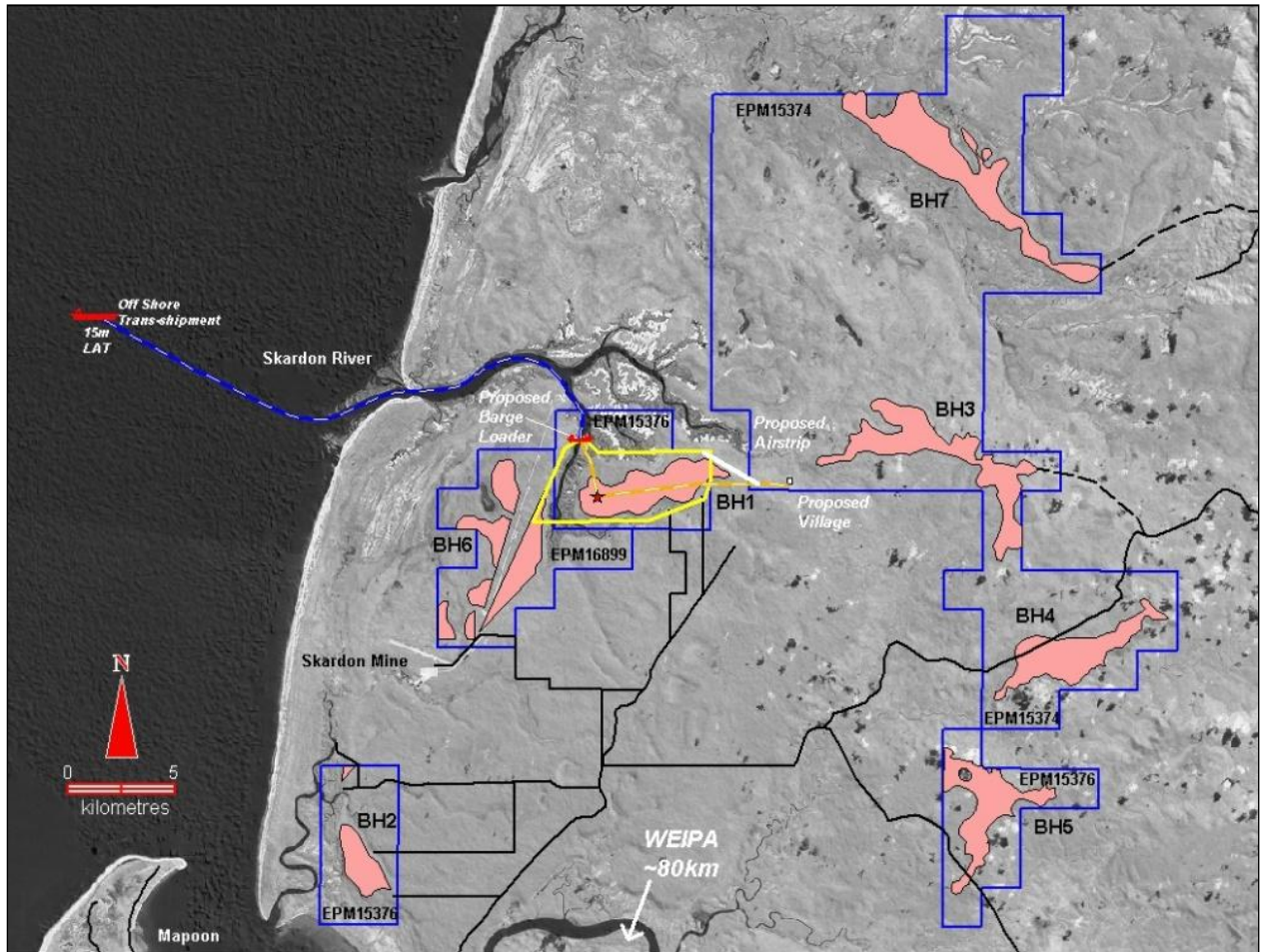
The appointment of key personnel and contractors for the drilling and exploration program follows the recent completion of access agreements with the Aboriginal land owners of the project area, and the completion of a concept study, by global engineering firm SNC Lavalin, which determined that, subject to confirmation of resources, the project should be viable and robust.

The Company lodged a mining lease application for the project in November 2010, and recently engaged Austock Corporate Finance as a strategic advisor to lead a review of fund raising options. The Queensland Government has also indicated its in-principle support for the project.

*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.

Mr Conway said that the Bauxite Hills project was “progressing well with a number of important elements falling into place over recent months.”

“We are working on a number of fronts to advance this project as quickly as possible. Once we have the data from the drilling program we plan to lodge additional mining lease applications and advance the environmental studies needed to develop a project that will build shareholder value and deliver jobs and prosperity for the people of Queensland and, in particular, for the Aboriginal people of western Cape York,” he said.



More information: Cape Alumina Limited

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COMPETENT PERSONS' STATEMENT

Technical information relating to the Exploration Target contained in this report has been compiled by Dr Paul Messenger who is a Non-Executive Director of Cape Alumina Limited and member of the Australasian Institute of Mining and Metallurgy (M. AusIMM) with relevant experience to the style of mineralisation being reported on to qualify as a Competent Persons as defined by the Australasian Code for Reporting of Minerals, Resources and Reserves. Dr Messenger consents to the inclusion in this report of the matters relating to the Exploration Target based on the information in the form and context in which it appears.

