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## **Cape Alumina IPO Closes Fully Subscribed ASX Listing Pending**

- **Fully Subscribed IPO Raises \$15 Million**
- **Approximately 500 New Shareholders**
- **Full steam ahead for Pisolite Hills bauxite project near Weipa, North Queensland**
- **Bankable Feasibility Study under way early in 2009**
- **Targeting further increase in bauxite resource**

Cape Alumina Limited (ASX code: CBX) is pleased to announce that its Initial Public Offer (IPO) has closed fully subscribed, raising \$15 million and attracting approximately 500 new shareholders.

The Company's shares are scheduled to list on the Australian Securities Exchange by the end of January.

Chairman elect, Mr George Lloyd, said he was delighted with the response from the public, predominantly people of Queensland and particularly Far North Queensland and Weipa, who had supported the Company and its project by investing in the IPO.

"This is a great result in a very difficult financial market and enables Cape Alumina to confidently progress the feasibility study into the development of a significant new Australian resource project in Cape York," Mr Lloyd said.

Cape Alumina CEO Paul Messenger said Cape Alumina was now in the fortunate position of starting life as an ASX-listed company with cash in the bank, no debt and an advanced resource project which, subject to feasibility, will position the Company to play a major role in the supply of bauxite to the Chinese alumina-aluminium market.

That market had grown rapidly over recent years and became increasingly dependent on imported bauxite, Dr Messenger said.

The 100% owned Pisolite Hills project is planned to come on stream in 2012/13 at a time when China is expected to require increasing supplies of imported bauxite.

"In addition to building a valuable business for its shareholders, Cape Alumina intends to have significant indigenous participation in the project," Dr Messenger said.

"If developed, the project will create around 350 permanent full time jobs in an area that currently suffers from very high unemployment and low job or work skill development opportunities.

“It will also contribute hundreds of millions of dollars to the Queensland and Australian economies by way of state royalties and federal taxes.”

Dr Messenger said the Company was now focused on completing the key tasks listed in the prospectus, which included preparing a bankable feasibility study for the Pisolite Hills project, finalising an Indigenous Land Use Agreement with the traditional owners of the project area and completing the environmental impact study of the area.

But the Company did recognise that the global economy was slowing. This will necessitate the prudent management of cash reserves while striving for completion of the feasibility study and related investigations to the high standards that will be required to move the project into the development phase.

Accordingly all expenditure will be subject to stringent review.

Dr Messenger said the Company would also progress the exploration of its regional tenements, throughout the Weipa Bauxite Province, with the goal of expanding its bauxite resource base which currently stood at 101 million tones (Mt) *in situ* (76 Mt Indicated Resources + 25 Mt Inferred Resources) with average washed grade of 53.5% Al<sub>2</sub>O<sub>3</sub>, 12.2% SiO<sub>2</sub> and over 68% beneficiation recovery.

“This is an exciting time for Cape Alumina which is very proud of its achievements to date,” said Mr Lloyd.

“Over the last four years, we have worked diligently to earn the respect of the local community and traditional land owners through our commitment to due process with open and honest consultation and dialogue.

“There is now added enthusiasm and momentum for the Cape Alumina team as it progresses towards the achievement of its goals.”

### **About Cape Alumina and Pisolite Hills Bauxite Project**

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. Cape Alumina is evaluating the development of the Pisolite Hills bauxite project, which is located 50km NE of Weipa on Cape York in Queensland, and plans to complete an Indigenous Land Use Agreement, environmental impact study and bankable feasibility study in 2009 prior to seeking project permits and approvals in 2010. Subject to a positive feasibility study and successful financing, construction is expected to be carried out between 2011 and 2012 and bauxite production is planned to commence in 2012/13 at the rate of 7 million tones per annum of bauxite product.

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*The mineral resources information in this report is based on, and accurately reflects, information compiled by Dr Paul Messenger BSc (Hon ) Geology, PhD (CEO of Cape Alumina Ltd) who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Messenger has the relevant experience in relation to the mineralisation and resources being reported upon to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves’. Dr Messenger consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.*