



Following is the Chairman's address to be presented at the Company's Annual General Meeting at 12.30pm on 27 May 2011.

## 2011 AGM CHAIRMAN'S ADDRESS

Good afternoon ladies and gentlemen.

On behalf of your Directors I am pleased to present the annual report of Australian Bauxite Limited for the twelve months ended 31 December 2010.

I would like to take this occasion to reflect on accomplishments and challenges of 2010 and to look forward into 2011 and what it holds for Australian Bauxite.

Australian Bauxite (ASX: ABZ) is offering high share value growth.

Since Australian Bauxite's successful listing on Australian Securities Exchange on Xmas eve 2009 and most importantly for our shareholders, Australian Bauxite's success has been reflected in a robust share price throughout 2010. Since the IPO at 20 cents Australian Bauxite's share price has risen 300% to the date of the issue of the annual report. Our market capitalization grew 395% to \$69.4 million over the same period.

This position has been maintained to date and the outlook for further advancement on this front is anticipated.

Australian Bauxite's cash position cover of exploration programs planned is comfortable and your directors do not see an immediate need to call on shareholders for additional funds. We have pro-offered a resolution (enabling if passed) an ability for your Directors to place more shares to raise capital as a contingency if the should need arise.

To achieve this performance against a background of recovering world economies following the late 2008 and 2009 global financial crisis and two additional capital raisings through share placements during 2010 following the IPO is truly reflective of the support of our shareholders and financial supporters to Australian Bauxite strategy and business plans to move beyond a position as a junior bauxite explorer.

A number of factors underpin this success:-

- the granted tenements under exploration were significantly increased – currently 35 tenements covering 7,940 square kilometers in NSW, Queensland and Tasmania nearby good freight corridors and infrastructure.



- the announcement of JORC resources in two exploration tenements from areas less than 15% of current identified target areas in these tenements.
- identification that the JORC resources consisted of high quality gibbsite bauxite with excellent alumina to silica ratios, but most importantly,
- the high quality performance of a well experienced and seasoned management team that drove exploration activities at a rapid pace but ensured good landowner relationships and maintained a keen eye for new bauxite occurrence through astute geological assessment

The year ahead will create more opportunities and challenges.

On challenges the recent destructive flooding in northern NSW & Queensland impacted drill program time tables, however the geographic diversity of Australian Bauxite's exploration tenement helped overcome location concentration risks and provide ways forward to continue to permit exploration work to advance creating and building of JORC resource assets.

We have two drilling teams in the field working today.

In terms of opportunity the industry outlook is promising.

Aluminum demand is expected to grow 12% in 2011 driven largely by China urbanization growth and evidenced by its plans to build 120 million light-weight transport vehicles (road & rail) over the next five years. Electrical infrastructure developments in China and other countries in the developing world are also driving demand

In relation to bauxite, the key feedstock in the production of alumina and aluminium, we are seeing a paradigm shift. China is increasing its imports of raw bauxite to compliment alumina imports. The cause for this trend reflects at essence the deterioration in the quality of Chinese domestic bauxite with inherent higher processing costs to manufacture alumina. Australia will be a significant beneficiary of this shift with its abundant supply of low temperature bauxites coupled with Indonesia's decision to restrict exports on bauxite by 2014 to improve resource pre-export sovereignty value gain by requiring upstream processing of bauxite to alumina in Indonesia.

With these factors in mind the prospects, coupled with the bauxite assets resource foundation Australian Bauxite has created since its IPO, the prospect for potential substantial value accretion for Australian Bauxite's shareholders look highly promising in the years ahead.

Finally on behalf of your Directors I would like to thank Ian Levy and his senior management team, staff and consultants for their work in advancing the performance of Australian Bauxite over the past year and your Directors look forward ahead with confidence to the delivery of another year high achievement.



Peter J Meers  
Chairman  
27 May 2011