

AUSTRALIAN BAUXITE LIMITED

CODE OF CONDUCT

This code of conduct applies to each Director, Officer, Consultant and all employees of Australian Bauxite Limited ("ABx" or "the Company") and its controlled subsidiaries and controlled joint ventures. Adherence to the code is a term of employment with ABx

Purposes of the Code of Conduct

- To ensure compliance with all relevant legislation;
- To fulfil the reasonable expectations of the communities in which the Company operates, by acknowledging the rights of various stakeholders.
- To enhance the reputation of the Company with the financial and broader community
- To improve the performance of the Company
- To inform employees of the board's expectations of them, including the obligations of raising and pursuing concerns of non-compliance or unethical behaviour
- To assist achieving the Company vision.

Code of Conduct

The philosophy to be adhered to achieve the purposes incorporates the following:

Responsibility and Accountability

All ABx staff have the personal responsibility to ensure that their actions abide by this Code of Conduct and the laws that abide to ABx's operations. No employee shall conduct themselves in a way which brings ABx or the name of the Company into disrepute. The code applies when employees are identified as a representative of ABx. This may include times outside of normal work hours and place of business, for example at work functions or out in the community as a representative of ABx.

Company records

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions.

All financial books, records and accounts must accurately reflect transactions and events and confirm both to required accounting principles and to ABx's system of internal controls. No false or misleading entries may be made. When a payment is made, it can only be used for the purpose described in the supporting documents.

All business records and communications should be clear, truthful and accurate. Business records and communications may become public through litigation, government investigations and the media. Avoid exaggeration, colourful language, guesswork, legal conclusions and derogatory remarks or characterizations of people and companies. This applies to communications of all kinds, including email and "informal" notes or memos. Records are maintained for seven years in order to comply with the Income Tax Act.

Responsibility to Shareholders

The Company is committed to pursuing the best interests of its shareholders as a whole and to the protection, preservation and, ultimately, sustained growth of their capital.

Responsibility to Employees

The Company is committed to properly discharging its responsibility to employees.

Responsibility to the Community

The Company recognises its responsibility to establish and maintain good corporate citizenship in those communities in which it operates. This responsibility extends to interaction with Government and responding to the changing requirements and expectations of industry, environment, the parties with whom the Company deals and the community as a whole.

Commitment and Quality

The Company is committed to continuous improvement in the quality of its performance in all ways and manners that it operates.

Confidentiality and use of knowledge and position.

Directors, Officers, contractors and employees may acquire information not generally known to the public such as trade secrets, acquisitions and disposals of assets, processes, exploration results and other information which may affect financial results and the Company's securities trading price. This information is the property of ABx.

No Director, Officer, contractor or employee whether during or after their time with the Company can disclose any information about ABx that is not already in the public domain without the proper authority to do so unless the disclosure has first been authorised by the Company.

Further, no Director, Officer, contractor or employee of the Company is permitted to act dishonestly or to use confidential information or position within the Company for personal gain or the pursuit of any objectives other than those of ABx. Reference should also be made to the Company's Securities Trading Policy.

In relation to these general requirements, the following matters warrant specific mention:

- (a) The insider trading prohibitions apply to all employees. In particular, employees cannot deal in (or tips others about) the Company shares, when in possession of price sensitive information about the shares.
- (b) The general requirement for prior declaration of interests, which applies to officers of ABx, also applies to employees not classified as officers. Any employee who has personal investments or involvements with other parties which could lead to a conflict of interest for either the employee or ABx is required to make written disclosure to the Company's Chief Executive Officer.
- (c) Employees cannot accept a material benefit from those with whom they deal, nor place themselves in a position where their responsibility/loyalty might be comprised.

Conflict of Interests

Business must only be obtained legally and ethically. Bribes and kickbacks are not acceptable. Where rewards from current or potential business relationships create an obligation or expectation that provided for preferential treatment to the person or company offering the rewards then the reward is improper and must be refused to be given.

Compliance with Laws

The Company is committed to compliance with all relevant legislation and corporate policies. The company is subject to the laws and regulations in all the locations in which it operates. All employees are expected to be aware of all legislation and policies applicable to their position and be sufficiently familiar with such laws and policies that they are able to comply.

Management and employees are responsible to ensure that they:

- Have access to all relevant laws and policies;
- Are properly instructed on the relevant laws and policies;
- Maintain their understanding through continuing education and periodic updates.

The primary responsibility of the committee is to oversee the Company's financial reporting process ensure the entity's accounting policies and practise comply with relevant legislative and regulatory requirements.

The committee has unrestricted access to information and reports relevant to fulfilling its responsibilities. The committee has the authority to seek any information of requires from any employee of the Group and the external auditors in order to perform its duties.

Review of Charter

The committee shall review and reassess the charter annually. The Audit Committee Charter shall be available to shareholders and should be posted on the Company website.

Compliance with ASX principles of good corporate governance and best practice recommendations.

The structure of the audit committee does not comply with recommendation 4.2 of the Principles of Good Corporate Governance and Best Practice recommendations set by the ASX Corporate governance Council in that it does not consist of only non-executive directors. This matter continues to be under review and as circumstances allow consideration will be given to the appropriate time to adopt the ASX corporate Governance Guideline.