

Following is the Chairman's address to the Company's Annual General Meeting at 11am on 28 May 2012.

2012 AGM CHAIRMAN'S ADDRESS

Good morning, ladies and gentlemen and welcome to the Australian Bauxite Limited's 2012 Annual General Meeting. This is my first year as Chairman, and I would like to take this opportunity to thank and acknowledge Deputy Chairman Peter Meer's prior work as Chairman since the Company's successful IPO in December 2009. On behalf of the Shareholders, Board and staff, I would also thank Vincent Tan, who is stepping down from the Board today, for his important role in the creation of the Company.

Last year Australian Bauxite achieved several significant and ambitious objectives, and I am pleased to report on the Company's positive progress during this year. Reflecting on last year, it is remarkable that Australian Bauxite's declared bauxite resources doubled to 86 million tonnes^{1,2,3,4,5} during that period. Of perhaps even more significance is that last year also heralded the Company's identification of two potentially economic projects.

The first and most advanced is located in the Goulburn and Taralga area of southern New South Wales, which I will expand on shortly. In early February this year, the Company announced the discovery of a 33 metre thick high-grade bauxite intersection at Taralga – possibly one of the thickest bauxite intersections ever discovered in Australia. Current bauxite resources at Taralga total 25 million tonnes² and the 2012 resource upgrade is well underway.

The second project identified is the Binjour project, situated 100km inland from Bundaberg Port in central Queensland. In October, a 16.8 million tonnes maiden resource was declared at the Binjour Plateau⁴ that confirmed the discovery of a significant bauxite deposit which included bauxite of outstandingly high quality.

Despite being in only its fourth year of operation, Australian Bauxite is working on project development and is no longer just a bauxite explorer. Nevertheless, Australian Bauxite is still conducting an aggressive exploration program, and expanding its tenement holdings to ensure it controls the core of the Eastern Australian Bauxite Province. The company currently owns 37 astutely selected tenements covering 8,582 square kilometres.

Australian Bauxite's high success rate in locating economic bauxite is the direct result of sophisticated analysis based on the increasing expertise and knowledge base of its geological team.

Australian Bauxite is pleased to also be firmly repositioned as an emerging *bauxite-development* company. In preparation for this, Australian Bauxite expanded its team late last year when it warmly welcomed senior mining engineer Drago Panich to become its new Goulburn Bauxite Project Manager. Australian Bauxite's move towards project development began in earnest when it announced, that in conjunction with the Marubeni Group, it was conducting a \$1.5 million dollar pre-feasibility study to assess the best strategy to progress the Goulburn Bauxite Project. At the present time, the pre-feasibility study has established that economic project investments are feasible at low capital costs, and, subject to completion of a larger project case, we anticipate releasing the report results shortly. However, the report contains a considerable amount of commercial-in-confidence information (eg. precise costs of production) that will not be released publicly as it would be unwise to do so prior to conclusion of detailed negotiations with potential offtake customers which are already underway.



As Australian Bauxite continues working on project development, it is worth noting that growth in bauxite demand and bauxite prices has been strong over the past seven years. We note that since 2005 prices in bauxite imported to China have risen from US\$27 per tonne, to more than US\$70 per tonne. In the past year, China's bauxite imports increased by 50% and currently exceed 50 million tonnes per year. Furthermore China's reliance on Indonesia's bauxite is currently being somewhat challenged by the Indonesian Government's decisions to reduce and heavily tax bauxite exports from Indonesia as Indonesia develops its own aluminium industry. Australia must develop new bauxite projects and we believe Australian Bauxite Limited is ideally positioned to be the first new bauxite project in Australia for several decades.

In summary, the Director's anticipate that high quality Australian bauxite will become increasingly attractive to overseas markets. We are confident that Australian Bauxite is very well positioned to take advantage of substantial future export opportunities.

In closing, I would like to thank the Board, and in particular Ian Levy and his senior management team, staff and consultants for their remarkable work over the past 12 months. Your Directors' once again look forward to the future year with confidence that Australian Bauxite will deliver yet another year high achievement.

Hon. John Dawkins AO
Chairman

About Australian Bauxite Limited: ASX Code ABZ

Australian Bauxite Limited (ABx) holds the core of the newly discovered Eastern Australian Bauxite Province. Its 37 bauxite tenements in Queensland, NSW and Tasmania covering 8,500 km² were rigorously selected on 3 principles:

1. good quality bauxite;
2. proximity to infrastructure connected to export ports; and,
3. free of socio-environmental or native title land constraints.

All tenements are 100% owned and free of obligations for processing and third-party royalties. ABx has already discovered many bauxite deposits and new discoveries are still being made as knowledge and expertise grows.

The company's bauxite is high quality and can be processed into alumina at low temperature – the type that is in short-supply globally. **Global resources declared to date total 86 million tonnes.** At the company's first drilling prospect in Inverell, northern NSW, an interim resource of 38 million tonnes^{1,5} has been reported from drilling 25% to 35% of the area prospective for bauxite and a resource of 25 million tonnes² of bauxite has been reported at the Taralga project in southern NSW. A 6 million tonnes maiden resource was declared at Guyra³. Results from the Binjour Plateau in central QLD confirm that ABx has discovered a significant bauxite deposit (17 million tonnes⁴) including some bauxite of outstandingly high quality. Australian Bauxite Limited aspires to identify large bauxite resources in the Eastern Australian Bauxite Province which is emerging as one of the world's best bauxite provinces.

ABx has the potential to create significant bauxite developments in three states - Queensland, New South Wales and Tasmania. Its bauxite deposits are favourably located for direct shipping of bauxite to both local and export customers.

ABx endorses best practices on agricultural land, strives to leave land and environment better than we find it. We only operate where welcomed.

The following are JORC-compliant Public Reports released to the ASX declaring the JORC resources referred to. These can be viewed on the ASX website and the Company will provide these reports, free of charge on request.

¹ 09/05/2012 ASX Inverell Resource Grade Improvement

² 12/05/2011 ASX Taralga Bauxite Resource Doubled to 25 Million Tonnes

³ 15/08/2011 ASX Guyra Maiden Resource (6 Million Tonnes)

⁴ 12/10/2011 ASX Binjour Maiden Resource (17 Million Tonnes)

⁵ 02/09/2010 ASX Inverell JORC Resource Update (38 Million Tonnes)