CHAIRMAN'S REVIEW OF 2019 AND RECENT DEVELOPMENTS

Welcome to the 11th Annual General Meeting of shareholders of Australian Bauxite Limited (“ABx”).

I am pleased to report that ABx has remained focused during the COVID-19 pandemic response which had threatened our business because our bauxite customers were suffering setbacks. We are now proud to advise that during April-May 2020, ABx was able to secure sales contracts for fertiliser-grade bauxite and cement-grade bauxite that totalled more than $2.5 million.

Also, as announced on Wednesday, ABx’s 89% owned subsidiary ALCORE Limited (“Alcore”) achieved its biggest milestone by producing Aluminium Fluoride (“AlF3”) that was sufficiently pure to be saleable grade for aluminium smelters. AlF3 is a strategically important mineral product that allows aluminium smelters to operate efficiently and in the last 12 months, Australasian aluminium smelters imported more than 30,000 tonnes of AlF3 from China at an average price of US$1,370 per tonne.

Alcore plans to be the first producer of AlF3 in the southern hemisphere, starting at the production rate of approximately 10,000 tonnes of AlF3 per year and increasing five-fold as demand grows. A domestic producer of AlF3 should increase security of supply for aluminium smelters in Australasia and elsewhere in the southern hemisphere.

Alcore plans to build its first production plant at Bell Bay, northern Tasmania in an industrial precinct that currently has an aluminium smelter, a manganese smelter and an aluminium powder plant, all powered by hydro-power. Alcore’s “Refine and Recycle” strategy involves the conversion of smelter waste into AlF3 for recycling back to the smelter which would improve the environmental credentials of Bell Bay Aluminium. AlF3 is also used in the next-generation rechargeable lithium ion battery industry.

ABx incorporated Alcore in 2018 and raised $1.7 million seed capital to conduct the research needed to develop a refinery producing AlF3. Alcore can also produce a pure refined hydrocarbon called Corethane which can be used for electricity generation as a substitute for gas in gas turbine generators, it can substitute for diesel and be sold for many industrial uses.

The Alcore Research Centre in Central Coast NSW is the only fully-operational advanced laboratory of its type in the southern hemisphere. Alcore recently moved to the design stage and has appointed the globally recognised Clough Engineers and recruited Dr Mark Cooksey as the Alcore General Manager who was the Principal Senior Principal Research Leader at the CSIRO and previously worked in Rio Tinto’s Aluminium smelter division.

ABx’s next bauxite sale is due for shipment from Bell Bay by 19 August and its production at the Bald Hall Bauxite Project near Campbell Town, northern Tasmania is commencing in early June. It is hoped that fuel costs remain low during production and delivery to the port stockpile as this will lower our costs and increase our profit margin.

ABx and Alcore both look forward to a positive end of 2020 and a fresh start in 2021.

ABx is encouraged by customer support via the tripartite agreement announced in April 2019 for developing its metallurgical-grade project at Binjour, located 115 km inland of Bundaberg Port. ABx has signed a Memorandum of Understanding with the port authorities at Bundaberg Port which secures an option over a block of land at the port that appears ideal for a bauxite port stockpile site. ABx has also had encouraging results from bulk sampling testwork at Binjour.
Binjour project will be fully financed by ABx’s marketing partner, Rawmin Mining of India. ABx is also working on ways to optimise the development, extraction and marketing of high-priced refractory-abrasive grade bauxite from its white bauxite deposit at Penrose 90kms inland of Port Kembla NSW.

We are a resilient and highly innovative company.

ABx’s three priorities are:

1. **Immediate bulk sales** (always our highest priority);
2. **Development** of its two significant projects at Binjour QLD and Penrose NSW; and,
3. **Developing technologies** which exploit the special qualities of ABx’s uniquely clean bauxite that is free of deleterious elements. This technology work has focussed on:
   a. **TasTech** physical separation of our bauxite into metallurgical grade bauxite and cement-grade bauxite; and,
   b. **ALCORE** chemical refining of bauxite to produce aluminium fluoride from bauxite as well as co-production of silica fume, Corethane hydrocarbon, titanium oxide, iron oxide pigments and other products.

**Long-term strategy:** ABx’s strategy is to maximise value from its bauxite and its technology by developing a higher-value suite of products so that ABx can be a profitable business operating through all stages of the business cycles during the forthcoming restructuring of global industry. The potential is real and worth pursuing aggressively, focussing on niche markets and long-term relationships with reliable, major customers and growing from that base.

**Corona Virus Pandemic Response**

As concern about the coronavirus (COVID-19) moderates throughout Australia and across the globe, I want to assure you that Australian Bauxite and its subsidiary companies have and continue to take all appropriate steps to protect our employees and our valued customers. As always the safety of our employees and customers is paramount. We are carefully monitoring updates from the Australian Government, the National Cabinet, the World Health Organisation and local health departments.

We have developed contingency plans to support our business and our employees until the threat of the virus subsides and life returns to normal.

We cannot do this alone so I want thank our employees, shareholders, customers and contractors for their support and understanding during these unprecedented times and I look forward to a very exciting series of developments in 2020 and 2021.

Thank you.

**Paul Lennon**
**Chairman**

This release has been authorised by the board