

30 MAY 2019

CHAIRMAN'S REVIEW OF 2018 AND RECENT DEVELOPMENTS

Welcome to the 10th Annual General Meeting of shareholders of Australian Bauxite Limited ("ABx").

ABx has supplied to date 110,000 tonnes of cement-grade bauxite and 10,000 tonnes of fertiliser grade bauxite to our repeat customers. ABx's cash at bank remains satisfactory and ABx stands ready to sell metallurgical grade bauxite as soon as possible whilst demand is strong and the Australian dollar exchange rate is attractive.

ABx is encouraged by customer support via the tripartite agreement announced in April for developing its metallurgical-grade project at Binjour, located 115 km inland of Bundaberg Port. Earlier today, ABx announced the signing of 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.

ABx is 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.

ABx is also about to conduct confirmatory tests for its planned production of aluminium fluoride by refining its Tasmanian bauxite. This will be very interesting in coming months as customers test our aluminium fluoride product.

We are a resilient and highly innovative company.

ABx's three priorities are:

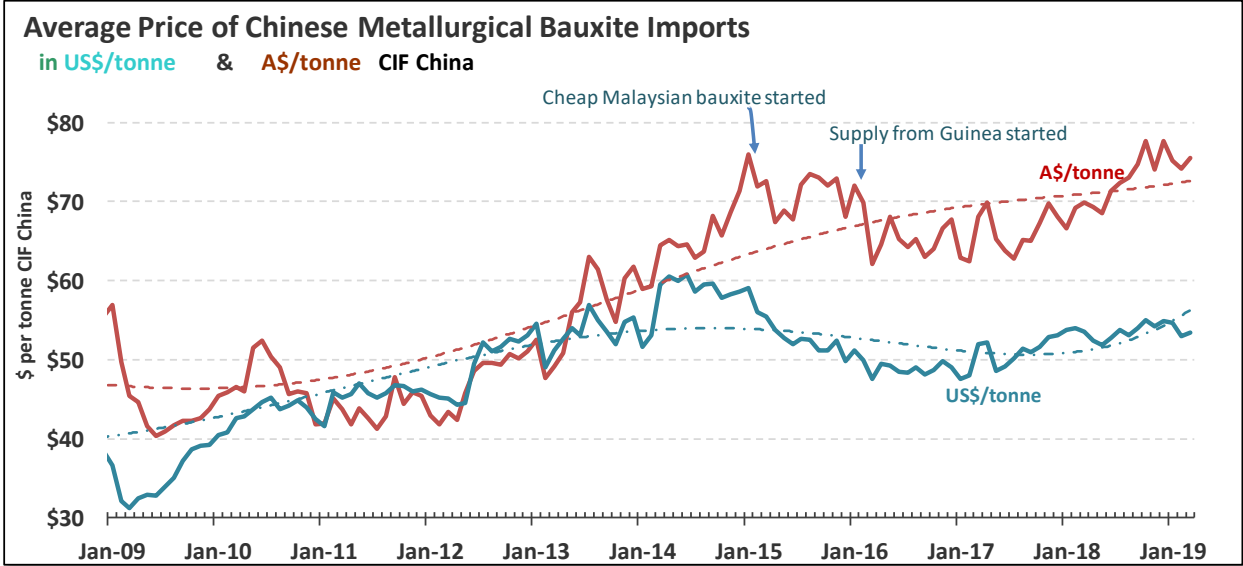
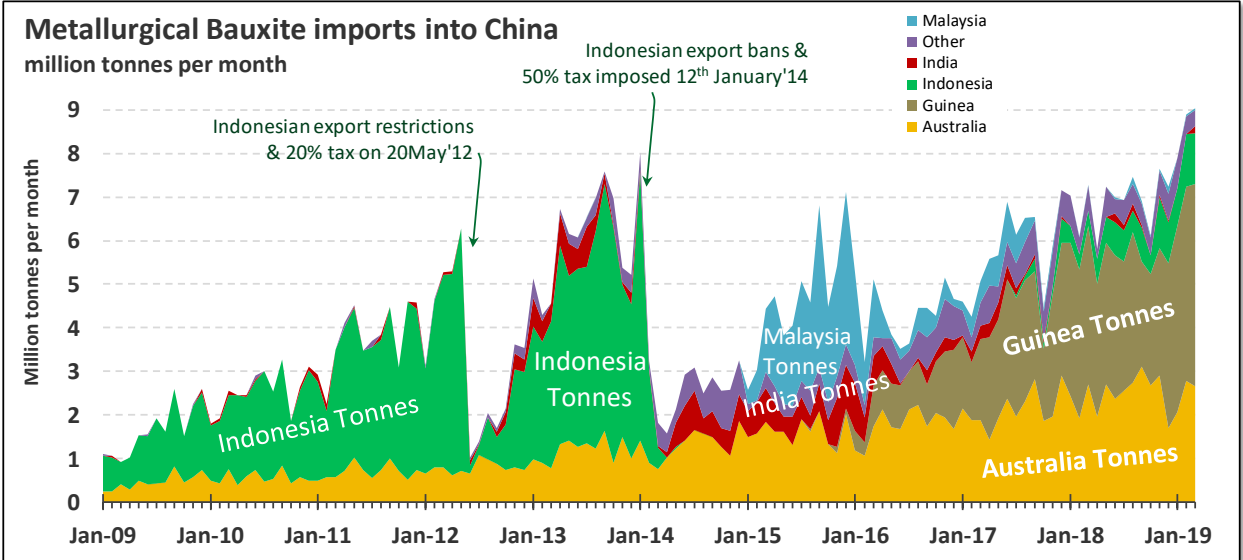
1. **Immediate bulk sales** (always our highest priority);
2. **Development** of its two significant projects at Binjour QLD and Penrose NSW; and,
3. **Developing technologies** which exploit the special qualities of ABx's uniquely clean bauxite that is free of deleterious elements. This technology work 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.

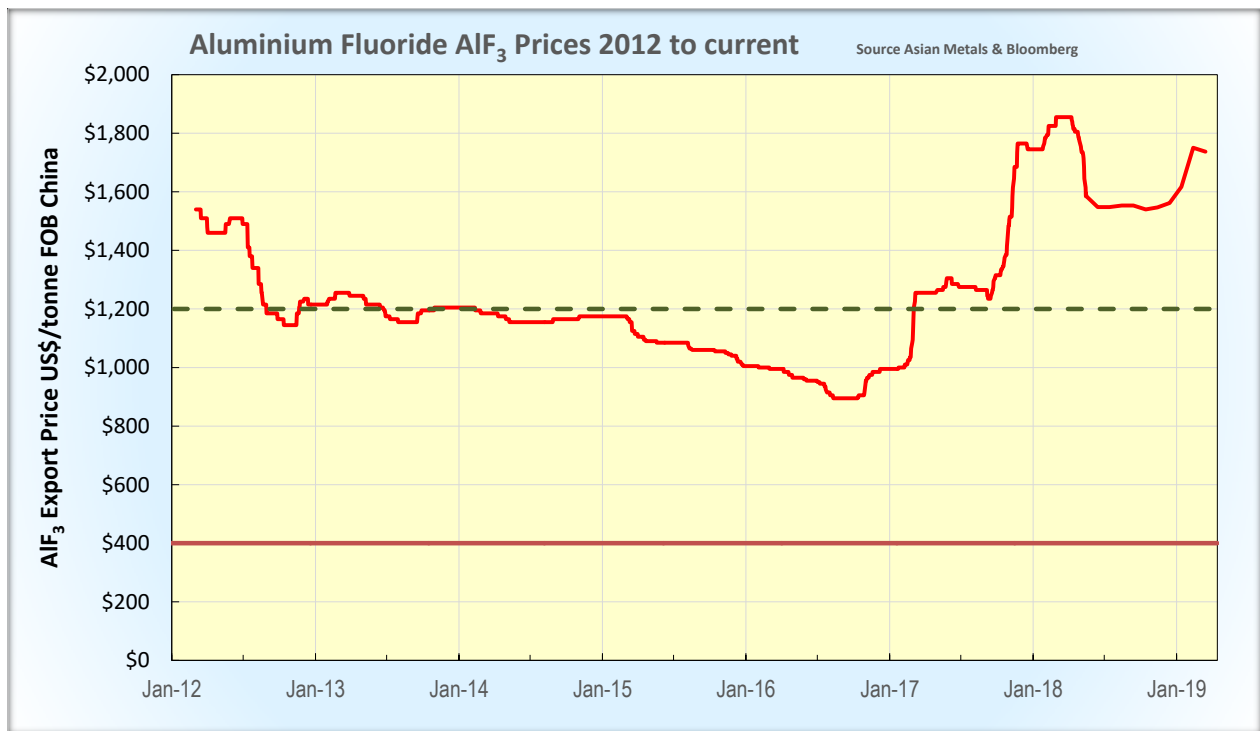
1. Market Prices for Bauxite and Aluminium Fluoride

Bauxite: As forecast last year, bauxite prices have strengthened slightly in US dollar terms and are attractive for ABx's type of bauxite. ABx's marketing team are pressing for sales and your Directors are focussing on this issue. During 2018 and especially early 2019, shipping rates were exorbitantly high due to concerns about bunker fuel costs but as that moderates and as ports

examine ways to increase efficiency, ABx becomes competitive for sales into several possible alumina refineries that use ABx’s low-temperature type of bauxite.

Aluminium Fluoride: Spot prices for aluminium fluoride remain well above the prices used by ABx in its preliminary investigations into the cost-benefits of refining ABx’s Tasmanian bauxite into aluminium fluoride. The ALCORE project could pre-sell a significant proportion of its aluminium fluoride to Australasian aluminium smelters on a medium-term contact basis and a portion of production into the spot market.





2. Bauxite Sales

Once a customer converts to ABx's product, repeat sales are likely and ABx was pleased to make another major sale of 32,500 tonnes in April-May 2019 which was produced from our Bald Hill Bauxite Project in northern Tasmania 3 weeks ahead of schedule thanks to our production team developing ways to increase production from ABx's type of bauxite. This new knowledge will be applied to other ABx mines, especially the Binjour Project in QLD.

ABx has sold 120,000 tonnes of bauxite to date in 8 sales of cement-grade bauxite and 13 small, regular sales of fertiliser-grade bauxite. ABx has a further 41,000 tonnes of product stockpiled at Bald Hill and sufficient broken ore stocks for quick delivery of the next sale.

3. TasTech Research & Bulk Sample Trial at Binjour Project QLD

ABx's "TasTech" is an upgrade technology for producing excellent bauxite products, namely,

1. Metallurgical-grade gibbsite bauxite exceeding 45% Al_2O_3 for the aluminium industry;
2. Cement-grade bauxite for the production of cement; and
3. Fertiliser-grade bauxite.

In May, ABx excavated approximately 600 tonnes of "moderate" grade bauxite and collected 81 samples totalling 860kgs from 3 test-pits conducted at the Binjour project in Queensland.

Results from this work so far demonstrated:

1. The bauxite is free-digging with approximately 15% to 20% of oversized boulder of good grade bauxite being recovered which will be crushed and blended into the product to meet grade and shipping specifications
2. The bauxite dry-screened superbly – the best encountered at any prospect to date

By simple dry-screening only, a product averaging about 42% Al_2O_3 and less than 5% SiO_2 was achieved which is already acceptable for metallurgical bauxite sales. However, TasTech testwork is underway at our Tasmanian laboratory to increase Al_2O_3 to 45% Al_2O_3 whilst also increasing yields to above 65%. Progress so far has been very encouraging.

Dry screening results on bulk sample, Binour bauxite project, QLD May 2019	Al ₂ O ₃	SiO ₂	Fe ₂ O ₃	TiO ₂	LOI	Avl Al ₂ O ₃	Rx SiO ₂	Yield +5mm
	%	%	%	%	%	%	%	%
0 to 4m depth, simple +5mm screening	41.6	4.7	25.6	4.2	23.3	35.2	4.4	59%

Explanation: Leach conditions to measure available alumina "Avl Al₂O₃" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 minutes. Analyses done by NATA-registered ALS Laboratories, Brisbane.

4. ALCORE Bauxite Refining to Produce Aluminium Fluoride

ABX's new ALCORE Technology can produce high-value products from ABX's ultra-clean type of bauxite, including Aluminium Fluoride (AlF₃) that is in strong demand from aluminium smelters and for Lithium ion batteries. Production of aluminium metal requires 2% to 3% AlF₃ as an electrolyte.

ALCORE Technology 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, or can be an inexpensive substitute for diesel to provide fuel security, and has many industrial uses.

ABX's wholly-owned subsidiary, ALCORE Limited has developed the ALCORE Research Centre in the Berkeley Vale industrial park, Central Coast NSW that is the only laboratory of its type in the southern hemisphere and is in the final days of certification to produce 10 kilogram test samples of AlF₃ for potential customers.

ALCORE has been funded by seed capital investors and from ABX's revenues. The cost for this Stage 1 of the ALCORE Project was budgeted at about A\$3.3 million and to date, the management team have kept costs below budget but also delivered a better-than-forecast facility which is now a major asset worth considerably more than its cost. We plan to continue this better-than-budget ethos for the construction of the full-scale refinery which, subject to funding and engineering considerations, will most likely be located at Bell Bay in northern Tasmania.

ALCORE's development timing for its full-scale refinery is to commence production and sales at about the time new aluminium smelters will come on-stream and increase demand for AlF₃ so that ALCORE can grow more rapidly and thereby deliver returns to shareholders faster.

5. Exploration – Penrose Discovery, NSW

ABX discovered a high-grade, low-iron grey-white bauxite at Penrose Pine Plantation some 90kms inland from Port Kembla which has potential to be highly profitable, even at modest tonnage rates, by supplying cement-grade bauxite and high-priced refractory-grade bauxite.

ABX has engaged with 3 major companies that have tested the products from Penrose and expressed interest in proceeding. The development of Sydney's second airport in western Sydney may become a significant catalyst for early development of Penrose and negotiations are ongoing.

6. Safety

ABX has made the transition from explorer to producer with a zero-incident record in occupational health and safety. ABX is proud that it has a continual improvement policy with regards its safety procedures that had been established at the Bald Hill mine by senior industry managers from the outset. The operations at the ABX laboratory in Tasmania has been incident-free and well managed. The ABX safety ethos is also evident at ALCORE Research Centre which has completed construction with a zero incident record and with a similar constant improvement ethos.

7. Environment

ABX preserves the soil from at the Bald Hill Bauxite Project ready for reinstatement after mining and also eradicates weed infestations in accordance with ABX's policy of best practice on

agricultural land. Pit areas that have been mined-out have now been reinstated and successfully returned to sheep grazing and cropping ahead of schedule. This expertise will become a core skill and part of the ongoing research and development for the company.

8. Community

We are thankful for the support of our local communities. We have honoured our policy to only operate where we are welcomed and the community recognition of this is heartening.

9. Future

ABX's marketing team are confident of securing successful sales from current negotiations.

We will maximise the value from our bauxite by developing ALCORE bauxite refining so as to generate a growing income stream for ABx shareholders. We believe we are unlocking value for all shareholders by fast-tracking the development of the ALCORE bauxite refining project.

On behalf of the Board of Directors, I thank the ABx staff and supportive shareholders for the significant progress and development that collectively we have achieved in the last year and I look forward to a very exciting series of developments in 2019 and 2020.

Thank you.

Paul Lennon
Chairman