

12 May 2017

Dear Shareholder

RETENTION NOTICE – SALE OF UNMARKETABLE PARCELS

ASX Listing Rules and the Company's Constitution empowers directors of Bauxite Resources Limited ("Bauxite" or "the Company") to sell the security holdings of any member who holds less than a marketable parcel of securities ("Small Shareholder") provided the Small Shareholder has:

- (a) been given written notice advising of the Company's intention to sell the security holdings of the Small Shareholder; and
- (b) not returned their Notice of Retention (attached to this letter) by 5.00 pm on 23 June 2017 (minimum 42 days) ("Retention Date"), advising the Company of the Small Shareholder's intention to retain their security holdings.

Bauxite would like to sell on your behalf, your unmarketable parcel of shares in the Company.

As at 10 May 2017 ("Notice Date") a marketable parcel as defined by the Australian Stock Exchange Listing Rules was at least 7,575 shares (representing \$500 in value based upon 6.6 cents per share).

Your shareholding (which is set out on the Notice of Retention on the reverse side of this notice) was less than a marketable parcel at the Notice Date.

To assist in reducing the large shareholder base and the administrative costs associated with that base, Rule 3.3 of the Company's Constitution provides the Company with the power to sell unmarketable parcels of shares, at the Company's cost, and to remit the proceeds to the shareholders whose shares have been disposed of in this manner. The shares will be sold at a price which equals the simple average of the last sale prices of the shares for each of the ten trading days immediately preceding the date of any offer to purchase the shares received by the Company ("Sale Price"). In many cases, such a sale may benefit the shareholders involved as it will allow their shares to be readily sold on the ASX (which they might otherwise find difficult to do due to the small size of their shareholding) and there will be no brokerage costs payable by them on the sale (as these will be borne by the Company).

The sale of unmarketable parcels may reduce the number of shareholders by up to 646, which is approximately 33% (646/1,963) of the total number of shareholders of the Company.

This notice is to inform you, and all other holders of unmarketable parcels of shares, that the Company intends to invoke the provisions of Rule 3.3 of the Company's Constitution and sell your unmarketable parcel. If you do not wish for your shares to be sold you must complete and return the Notice of Retention on the reverse of this notice to our Share Registry by 23 June 2017.

If you wish your shareholding to be sold there is no need to do anything. As soon as is practical after 23 June 2017 the Company will endeavour to arrange the sale at the Sale Price and the proceeds from that sale will be remitted to you.

Should you have any queries in relation to this matter please contact the Company by telephone on (08) 9200 8200 or by facsimile on (08) 9200 8299 or the Company's share registry, Security Transfer Australia Pty Ltd by telephone on 1300 992 916 or by facsimile on (08) 9315 2233.

Yours faithfully

BAUXITE RESOURCES LIMITED



RS (Sam) Middlemas
Company Secretary

NOTICE OF RETENTION OF SHARES FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

REGISTERED OFFICE:
SUITE 10, 295 ROKEBY ROAD
SUBIACO WA 6008
AUSTRALIA

BAUXITE RESOURCES LIMITED

ABN 72 119 699 982

SHARE REGISTRY:
Security Transfer Australia Pty Ltd

All Correspondence to:
PO Box 52
Collins Street West VIC 8007

T: 1300 992 916 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au



«Post_zone»
«Company_code» «Sequence_number»

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

Code:	BAU
Holder Number:	«Holder Number»
Shares Held:	«Securities_1»
Notice Date:	10 MAY 2017

RETENTION OF SHARES CLOSING AT 5:00PM WST 23 JUNE 2017.

I/We the Shareholder(s) described above by signing this form, hereby give notice that I/we wish to retain my/our shareholding in Bauxite Resources Limited, pursuant to Rule 3.3 of the Bauxite Resources Limited Constitution.

Security Holder(s) Signature(s). This section must be signed for your instructions to be executed.

Individual or Security Holder	Individual or Security Holder	Individual or Security Holder
[Signature Box]	[Signature Box]	[Signature Box]
Sole Director & Sole Company Secretary	Sole Director & Sole Company Secretary	Sole Director & Sole Company Secretary

Notes:

- For full details, please read the Notice dated 10 May 2017.
- If you wish to retain your shareholding in the Company, please sign this notice in the space provided and return it to the Company's share registry by 5:00pm WST 23 June 2017.
- Notice in respect of a corporation must be executed in accordance with the constitution of that corporation.
- Notices signed under power of attorney or by the executor of an estate must be accompanied by a copy of that power or letters of administration, as the case may be, unless previously lodged for noting.
- In the case of holdings held by two or more persons, all holders must sign.

My/Our contact details in case of enquiries are:

NAME	TELEPHONE NUMBER
[Name Box]	([Area Code Box]) [Number Box]

EMAIL ADDRESS

[Email Address Box]

<p>IF YOU WISH TO RETAIN YOUR SHARES <u>PLEASE RETURN THIS NOTICE TO THE COMPANY'S SHARE REGISTRY:</u></p> <p>Security Transfer Australia Pty Ltd POST: PO BOX 52 Collins Street West VIC 8007</p> <p>DELIVERY: Suite 913, Exchange Tower 530 Little Collins Street MELBOURNE VIC 3000 AUSTRALIA</p> <p>Facsimile +61 8 9315 2233 Email: registrar@securitytransfer.com.au</p>	<p style="text-align: center;">REGISTRY DATE STAMP</p> <p style="text-align: center;">E & O.E.</p>
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PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.