

Chairman's Address 2012 Annual General Meeting Brisbane, 21 November 2012

Ladies and Gentlemen, welcome to the fourth Annual General Meeting of Cape Alumina.

The start of the current financial year marks a significant turnaround in Cape Alumina's fortunes.

The decision of the Queensland Government to repeal the Wild Rivers legislation and develop the Cape York Regional Plan has enabled the Company to re-start the program to develop its flagship bauxite project at Pisolite Hills with the confidence that it will be fairly judged on the basis of its social, economic and environmental merits.

In addition, the State Government's declaration of Pisolite Hills as a "Significant Project" is a formal recognition of the value that the project can bring to the Queensland economy and the social and economic benefits that it can bring to the indigenous people of Cape York. The declaration also has the great benefit of ensuring that all interactions with State Government agencies will be centrally coordinated thereby ensuring an efficient, thorough and transparent project approval process.

Given the resumption of work on Pisolite Hills, and with the benefit of the comprehensive technical and environmental studies of the project area which we commenced in 2005, we intend to submit the Pisolite Hills environmental impact statement to the Commonwealth and State governments by the end of 2013.

We are planning to commence construction at Pisolite Hills in mid 2014 with first export sales of bauxite towards the end of that year. Over the next 12 months we will also look at securing further commitments for bauxite sales to build on the 1 million tonnes per annum offtake agreement we already have with Xinfu.

As background to our activities, there is a growing investor recognition that the global aluminium producers are becoming increasingly dependent on imported bauxite and that the fortunes of the globally traded bauxite industry are becoming disconnected from those of the aluminium producers. Access to independently owned, high-quality bauxite in politically stable locations is becoming increasingly important and we are witnessing rising prices for traded bauxite as a result.

During the past financial year the Company progressed its resource evaluation work for the Bauxite Hills project, which is to the north of Pisolite Hills, and commenced a pre-feasibility study of the project. Whilst our priority is the development of Pisolite Hills, this work will allow us to investigate whether Bauxite Hills will be best developed as a second stand-alone project or as an expansion to Pisolite Hills.

Our exploration activities through the year have allowed us to demonstrate resources of approximately 200 million tonnes of bauxite within our western Cape York tenements. Exploration is continuing with the goal of increasing our bauxite resources in the region. However, our primary focus is to successfully make the transition to a bauxite producer.

We also continued our dialogue with the Traditional Landowners and the indigenous communities in the vicinity of our Cape York projects to ensure that they are informed of and understand our project development plans. During the current year we will resume negotiations for an indigenous land use agreement covering the interaction between the Pisolite Hills project and the communities.

Our team worked extremely well, often under difficult circumstances, over the past year. The State Government recognition of the Pisolite Hills project and its importance to Queensland, as well as broader community interest in Cape Alumina, are largely attributable to their efforts. On behalf of our shareholders I wish to thank the team.

The next 12 months will be a very exciting time as we progress towards production and achieving our goal of being Australia's leading independent supplier of bauxite to the Asia-Pacific region.

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