

PROPOSED ISSUE OF DIRECTORS OPTIONS

The Board of Bauxite Resources Ltd has resolved to seek shareholder approval to issue unlisted options to some non executive directors and the two executive directors.

The Remuneration Committee of BRL has completed its annual review of director's performance and remuneration and in particular noted the substantial increase in shareholder value with the market capitalisation of the company now in excess of \$100m. The Remuneration Committee has also noted that the cash component of directors remuneration is below what it considers to be industry levels.

The Board has maintained its position of preserving cash and is of the view that the best way to remunerate and incentivise directors is via the issue of unlisted options with exercise prices at a premium to the prevailing share price.

Shareholder approval will be sought for the following issue of options and a formal Notice of Meeting will issue in due course following review of the full terms and conditions by ASIC and ASX:

5,000,000 unlisted options exercisable at 90 cents vesting immediately with an expiry date of 30 November 2013.

5,000,000 unlisted options exercisable at \$1.10 vesting two years after shareholder approval with an expiry date of 30 November 2013.

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