

24 January 2008

Dear Shareholder

## NON-RENOUNCEABLE ENTITLEMENTS ISSUE

On 22 January 2008, Bauxite Resources Limited (**Company**) lodged a prospectus (**Prospectus**) with ASX and the Australian Securities & Investments Commission (**ASIC**) for a pro-rata non-renounceable entitlements issue of approximately 53,818,750 options to acquire ordinary shares in the Company (**Options**), on the basis of one (1) Option for every two (2) shares held by shareholders on 1 February 2008 (**Record Date**), to be issued at 1 cent each (**Entitlements Issue**).

The expiry date of the Options is 31 January 2009. The exercise price of each Option is 20 cents. Shareholder approval is not required in relation to the Entitlements Issue. The Company will apply for official quotation by ASX of the Options to be pursuant to the Entitlements Issue.

It is intended that the proceeds from the Entitlements Issue will be applied towards funding exploration and for general working capital.

The timetable and important dates of the Entitlements Issue are:

Event	Date
Lodgement of Prospectus with the ASIC	22 January 2008
Notice to shareholders	24 January 2008
Ex date	25 January 2008
Record Date	1 February 2008
Opening date and dispatch of Prospectus to shareholders	7 February 2008
Closing date of offer	17 March 2008
Options quoted on a deferred settlement basis	18 March 2008
Allotment and dispatch of holding statements	27 March 2008

**Note:** These dates are determined based upon the current expectations of the directors and may, subject to the ASX Listing Rules, be changed without notice. The directors may extend the closing date by giving at least 6 business days' notice to ASX prior to the closing date.

The Prospectus is available on the ASX website at [www.asx.com.au](http://www.asx.com.au).

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# BAUXITE RESOURCES LIMITED ACN 119 699 982

The Entitlements Issue will be underwritten by Cunningham Securities Pty Ltd.

The securities on issue in the Company following completion of the Entitlements Issue, assuming no existing Options are exercised, are as follows:

Class	Number
Fully paid ordinary shares	107,637,500
Options exercisable at 20 cents on or before 31 May 2012	9,000,000
Director Options exercisable at 25cents on or before 15 May 2012	2,000,000
Director Options exercisable at 40 cents on or before 15 May 2012	4,000,000
Options issued under the Entitlements Issue	53,818,750

In calculating entitlements under the Entitlements Issue fractions will be rounded up to the nearest whole Option.

The offer to participate in the Entitlements Issue under the Prospectus is to shareholders with registered addresses in Australia and New Zealand. Overseas shareholders should contact the Company Secretary, Mr Graeme Smith, with any queries regarding the Entitlements Issue.

I encourage shareholders to carefully read the Prospectus when you receive it in the post and consider investing in the Entitlements Issue.

Yours faithfully



**Luke Atkins**  
**Executive Chairman**

