

MANAGING DIRECTOR SPEECH – AGM PERTH NOVEMBER 27 2015

CEO UPDATE ON OPERATIONS

The last year has seen Aus Asia achieve a number of key milestones in what has been a very challenging industry and market.

Capital Markets have been extremely volatile and commodity prices have been in sharp decline. The effect of this has been that raising capital has been increasingly difficult as the year has progressed and has taken significantly longer than expected. This has resulted in delayed production timing from what was initially planned and therefore delayed revenue from Solok Iron Ore project.

Despite these challenging market conditions, a lot has been achieved this past year:

- The Company has recently announced the signing of an MOU with Meritas Jaya Iron & Steel (“MJIS”) for the exclusive supply of Iron Ore & Coal and an offtake agreement for the sale of the finished product – sponge iron for 1 year with an option to extend for a further 1 year.
- The Company has successfully raised \$2M AUD through Novus Capital Sydney in both Equity and Convertible Notes
- The Company entered into a \$5M USD Line of Credit facility with TCA Funds Management. No funds have been drawn against this facility as yet and final documentation is being prepared.

- We have successfully vended in PT Mineral Sukses Makmur (“MSM”) Solok Iron Ore Project. We have received BKPM (Foreign Investment Approval), Mining and production permits, Clean & Clear Certificate as well as an export permit. \$1M USD has been paid out of a total consideration of \$2.5M USD for this asset. It is anticipated that Iron ore will commence shipment from MSM to MJIS over the next few months.
- The Company has successfully vended in PT Tunggal Putra Nusantara (“TPN”) Coal Project. We have received BKPM, Mining and Production Permits and Clean & Clear Certificate. \$100,000 USD has been paid out of a total consideration of \$150,000 USD for this asset. However, due to the current low coal price, all expenditure for this project has been put on hold. We are currently looking at merging this project with another coal asset to ensure that shareholders can get a return from these assets.

The company is in a transformation from holding exploration assets to producing real revenue on a monthly basis. This has taken a lot longer than we originally expected but the MOU with MJIS will now deliver a closed supply chain to bring the potential revenue under our control.

The Company will be exclusively supplying MJIS with the raw materials required for the finished product of sponge iron and then controlling the selling of this finished product.

This enables the Company to make a margin on the selling of iron ore, coal and sponge iron. It is important to note there is a stockpile of 25,000 MT of sponge iron, and AAM is currently in advanced negotiations with a number of International Steel Producers and International recognized traders for the sale of this product.

As the company continues its transformation from an exploration company to a revenue producing company, we have also been improving, the corporate and governance side of the Company as well.

During the year we have appointed two independent, non executive Directors. I must give credit to Peter Hatfull, who has stepped in as Chairman, and who has been an enormous support over the past year. Peter has over 40 years of top level corporate experience. As Chairman, the company is in good hands moving forward. Additionally Gavan Farley, as Non-Executive Director, has over 25 years experience of corporate finance. This all leads to a well experienced Board leading the company forward.

Indonesia has a population of over 260 Million people. It will experience economic growth of between 4.5% - 5%. It has resources including coal, iron ore, copper, gold and nickel. With attractive rates of labour and taxation, it is a great place for resource companies to invest in. Not only is investment paramount, but the integrity of your local partners.

AusAsia Minerals has invested in both human and investment capital and look forward to shareholders receiving a return for these efforts.