



21 April 2011

Company Announcements
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sirs,

Re: Annual General Meeting

Please be advised that the Annual General Meeting of Australian Bauxite Limited will be held at the registered office of the Company, Level 2 Hudson House, 131 Macquarie Street, Sydney on Friday 27 May 2011 at 12.30 p.m.

A copy of the Notice of Annual General Meeting including Explanatory Statement and Proxy Form are attached.

The year 2010 Annual Report sent to shareholders comprises only the documents already given to ASX under Listing Rule 4.5.

Yours faithfully,

D L Hughes
Secretary

AUSTRALIAN BAUXITE LIMITED
ACN 139 494 885

Level 2 Hudson House 131 Macquarie Street Sydney NSW 2000
P: +61 2 9251 7177 F: +61 2 9251 7500



AUSTRALIAN **BAUXITE** LIMITED

**NOTICE OF THE
ANNUAL GENERAL MEETING
AND EXPLANATORY STATEMENT**

*The Annual General Meeting of
Australian Bauxite Limited
ABN 14 139 494 885
will be held at Hudson House, Level 2
131 Macquarie Street, Sydney NSW 2000
on Friday 27 May 2011 at 12.30pm.*

NOTICE OF THE ANNUAL GENERAL MEETING
Australian Bauxite Limited
ABN 14 139 494 885

Notice is hereby given that the Annual General Meeting of members of Australian Bauxite Limited ('Company') will be held at the registered office of the Company, Level 2, 131 Macquarie Street, Sydney on Friday 27 May 2011 at 12.30pm.

1. Financial Statements and Reports

To receive the Company's financial statements and the reports of the Directors and the Auditors thereon for the financial year ended 31 December 2010.

2. Adoption of Directors' Remuneration Report

Resolution 1: Ordinary Resolution to approve Remuneration Report

To consider and, if thought fit, pass with or without amendment the following resolution as an ordinary resolution.

"That for the purposes of Section 250R (2) of the Corporations Act 2001 and for all other purposes approval is given for the adoption of the Remuneration Report as contained in the company Annual financial Report for the financial year ended 31 December, 2010."

NOTE : The Remuneration Report is set out on pages 16 to 18 of the Directors' Report contained in the 2010 Annual Report in accordance with Section 250R(3) of the *Corporations Act 2001*.

3. Election of Directors

Resolution 2: Ordinary Resolution to re-elect Mr. Vincent Tan as a Director

To consider and, if thought fit, pass with or without amendment the following resolution as an ordinary resolution.

"That Mr. Vincent Tan, retiring by rotation in accordance with Article 49.1.3 of the Company's Constitution, be re-elected as a Director of the Company".

4. Ratification of Issue of Securities by Directors

Resolution 3: Ordinary resolution to ratify past issue of securities.

To consider and, if thought fit, pass with or without amendment the following resolution as an ordinary resolution.

"That, for the purposes of Rule 7.4 of the Listing Rules of Australian Securities Exchange Limited and for all other purposes, shareholders ratify the allotment and issue of 675,000 fully paid ordinary shares in the capital of the Company and 500,000 options to acquire fully paid ordinary shares in the capital of the Company, such Shares and Options allotted on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Voting Exclusion

The Company will disregard any votes cast on Resolution 3 by the recipient of the share issue referred to in Resolution 3 or an associate of any of the recipient.

However, the Company will not disregard the vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

5. Issue of shares to Sophisticated and Professional Investors

Resolution 4: Ordinary resolution to issue securities to Sophisticated and Professional Investors.

To consider and, if thought fit, pass with or without amendment the following resolution as an ordinary resolution.

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the directors are authorised to issue up to 20,000,000 shares in the Company, by way of placements, to sophisticated, eligible and professional investors (being persons to whom a disclosure

document is not required to be provided by virtue of s708(8), s708(10) or s708(11) of the Act), at an issue price of not less than eighty percent (80%) of the average market price of the shares of the Company calculated over the last 5 days on which sales in the shares were recorded before the day on which the issue is to be made, and otherwise on the terms and conditions set out in the explanatory statement attached hereto."

Note: The shares will be issued no later than three (3) months from the date of the meeting.

Voting Exclusion

The Company will disregard any votes cast on Resolution 4 by the participants in the proposed share issue under this Resolution 4 or a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 4 is passed or an associate of any of those persons. However, the Company will not disregard the vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

6. To approve an Employee Share Plan for the Company

Resolution 5: Ordinary resolution to approve Company Employee Share Plan.

To consider and, if thought fit, pass with or without amendment the following resolution as an ordinary resolution.

"That the Australian Bauxite Employee Share Plan which provides for the giving of financial assistance to the employees of Australian Bauxite Limited for the acquisition of shares in that Company, in the form of the document entitled "Australian Bauxite Limited Employee Share Plan Rules" submitted to the meeting and signed by the Chairman for the purposes of identification, be and is hereby approved."

7. Other Business

To transact any other business which, in accordance with the Company's Constitution and the Corporations Act, may be legally brought before an Annual General Meeting.

By Order of the Board of Directors



H Kinstlinger
Company Secretary

DATED: 21 April 2011

This Notice of Meeting is accompanied by an Explanatory Statement to shareholders which explains the purpose of the Meeting and the resolutions to be considered at the Meeting.

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide shareholders of Australian Bauxite Limited (“Company”) with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of the Company.

The Directors recommend that shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

If you have any queries regarding the matters set out in this Explanatory Statement or the preceding Notice please contact the Company or your professional advisor.

1. Financial Statements and Reports

The Corporations Act 2001 requires the Financial Report, Directors’ Report and Auditor’s Report for the past financial year to be tabled before the Annual General Meeting, and the Company’s Constitution provides for such reports to be received and considered at that meeting. Neither the *Corporations Act 2001* nor the Company’s Constitution requires a vote of shareholders at the Annual General Meeting on such Reports. The Annual General Meeting provides a forum for shareholders to ask questions and make comments on the Company’s reports and accounts and on the business and operations of the Company for the year ended 31 December 2010.

In addition, shareholders may, at the meeting, ask questions of the auditor in relation to the following matters:

The conduct of the audit, the content of the auditor’s report, the accounting policies adopted by the Company for the preparation of the financial statements and the auditor’s independence in relation to the above items.

2. Adoption of Directors’ Remuneration Report

Resolution 1 – Adoption of Directors’ Remuneration Report

The remuneration Report of the Company for the financial year ended 31 December 2010 is set out in the Directors’ Report contained in the 2010 Annual Report on pages 16 to 18.

Pursuant to Section 250R(2) of the Corporations Act 2001 a resolution that the Remuneration Report be adopted must be put to vote at the Company’s Annual General Meeting. The vote on this resolution is advisory only and does not bind the Directors of the Company. However the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

A reasonable opportunity will be provided for discussion on the Remuneration Report at the Annual General Meeting.

3. Election of Director

Resolution 2 - Re-election of Mr. Vincent Tan as a Director

Mr. Vincent Tan retires by rotation in accordance with Clause 49.1.3 of the Company’s Constitution which provides that one third of other directors (not counting the managing director) automatically retire at the end of each Annual General Meeting. The Directors to retire under Clause 49.1.3 are those directors who have been longest in office since their appointment on registration or their last election.

Being eligible, Mr. Vincent Tan offers himself for re-election.

4. Resolution 3 - Ratify Past Issue of Shares

ASX Listing Rule 7.1 requires that a listed company obtain shareholder approval prior to the issue of shares, or securities convertible into shares (such as an option), representing more than 15% of the issued capital of that company in any 12 month period.

ASX Listing Rule 7.4.2 sets out an exception to ASX Listing Rule 7.1. This rule provides that where a company in general meeting ratifies the previous issue of securities made without approval under ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

Shareholder ratification for the issue of securities is now sought pursuant to ASX Listing Rule 7.4 to reinstate the Company’s capacity to issue up to 15% of its issued capital, if required, in the next 12 months without shareholder approval.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total number of securities issued or agreed to be issued was 675,000 Shares and 500,000 Options;
- (b) the parties to whom the securities were allotted and issued and all other relevant information required by ASX Listing Rule 7.5 is set out in the schedule below:

Allottees	Purpose of issue	Date of Issue	No. of Securities Issued	Issue Price (if applicable)	Exercise Price (if applicable)	Expiry Date (if applicable)
State One Stockbroking Ltd <Acc 61000>	Performance bonus for placement of Shares to institutional and sophisticated shareholders.	16 August 2010	500,000 Options	N/A	\$0.55	15 August 2013
State One Stockbroking Ltd <Acc 61000>	Consideration paid for brokerage as to the placement of 13.5 million Shares to institutional and sophisticated shareholders.	17 November 2010	675,000 Shares	\$0.45	N/A	N/A

- (c) the Shares were allotted and credited as fully paid and rank equally with the existing Shares on issue; and
- (d) the Options were issued on the terms and conditions set out in this Explanatory Statement in Annexure "B".

5. Issue of shares to Sophisticated or Professional Investors

Resolution 4 – Approve issue of shares to Sophisticated or Professional Investors

Resolution 4 seeks shareholders' approval, for the purposes of ASX Listing Rule 7.1 and for all other purposes, to authorise the directors to issue, by way of placements, up to 20,000,000 shares to sophisticated, eligible and/or professional investors (being persons to whom a disclosure document is not required to be provided by virtue of s708(8), s708(10) or s708(11) of the Act), at an issue price of not less than eighty percent (80%) of the average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the issue is to be made. For example, if the five day weighted average price of the Shares at the time at which the issue is to be made is 60 cents, the Shares would be issued at not less than 48 cents.

Listing Rule 7.1 prohibits a company from issuing or agreeing to issue equity securities in any 12-month period which amount to more than 15% of its ordinary securities without the approval of holders of its ordinary securities.

Further, equity securities issued with approval of holders of a company's ordinary securities in accordance with Listing Rule 7.1 are not then required to be included in the 15% limit imposed by Listing Rule 7.1.

As at the date of this explanatory statement, the issued share capital of the Company before and after the issue of the Shares the subject of this Resolution 4 will be as follows:

Current issued Share Capital	100,592,337
Issue of Shares to Sophisticated, Eligible and Professional Investors	20,000,000
Total new issued Share Capital	120,592,337

The Company therefore proposes to issue 20,000,000 Shares to sophisticated, eligible and professional investors, which represents 19.88% of its current issued capital (of 100,592,337 Shares). The Company therefore seeks shareholder approval to issue the Shares to sophisticated and professional investors pursuant to Listing Rule 7.1.

The following information is provided in accordance with Listing Rule 7.3:-

- 1) the (maximum) number of Shares the Company will issue to sophisticated, eligible and/or professional investors is 20,000,000 Shares;

- 2) the Shares will be issued within three months of the date of this annual general meeting;
- 3) the issue price(s) for the Shares will be not less than eighty percent (80%) of the average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the issue(s) are to be made;
- 4) the names of the allottees of the Shares are not known at this time: the Shares will be issued to sophisticated, eligible and/or professional investors (being persons to whom a disclosure document is not required to be provided by virtue of s708(8), s708(10) or s708(11) of the Act), none of whom will be related parties;
- 5) the Shares will be issued on the same terms as, and rank pari passu with, the existing issued Shares of the Company and will be quoted on the Australian Securities Exchange;
- 6) the purpose of the proposed Share issue is to raise funds that will be used for providing ongoing working capital for the further development of the projects of Australian Bauxite Limited and its subsidiaries;
- 7) the Company anticipates issuing the Shares progressively as and when investors desiring to invest in the Company are located (but in any event within three months of the date of this annual general meeting).

6. To approve an Employee Share Plan for the Company

Resolution 5: Ordinary resolution to approve Company Employee Share Plan.

The Directors seek shareholder approval to an Employee Share Plan for the Company as an incentive to all eligible employees. The Company has established the Australian Bauxite Limited Employee Share Plan (**ESP**). A Director is not an 'eligible person' and is not entitled to participate in the ESP.

The ESP will operate on an ongoing basis unless suspended or terminated by the Company. No person has yet received any shares under the ESP. A summary of the terms of the ESP is set out in Annexure A to this Notice of Meeting, a full copy of the terms will be sent to members on request.

Shares must be purchased through a broker and the purchase price must not be more than 5% above the market price.

Loans to assist in the acquisition of shares will be on the terms determined as set out in the Annexure A to this Notice of Meeting.

Financial Assistance

Section 260A of the Corporations Act provides that a company may financially assist a person to acquire shares in the company or a holding company of the company only if:

- (a) giving assistance does not materially prejudice:
 - (i) the interests of the company or its shareholders; or
 - (ii) the company's ability to pay its creditors; or
- (b) the assistance is approved by shareholders under section 260B; or
- (c) the assistance is exempted under section 260C.

Section 260C of the Corporations Act provides for certain specific instances of exempted financial assistance, including an exemption for an employee share scheme that has been approved by a resolution passed at a general meeting of the company (section 260C(4)).

The Company will either provide or procure financial assistance to the employee for the acquisition of shares that are issued pursuant to the ESP for the benefit of relevant employees.

It is proposed that the employee share plan be approved by Members for the purposes of section 260C of the Corporations Act.

Voting:

The Company has determined that any person registered as a member at 12.30pm Sydney time on 25 May 2011 is entitled to attend and vote at the Annual General Meeting.

ANNEXURE "A"
AUSTRALIAN BAUXITE LIMITED
ACN 139 494 885

SUMMARY OF EMPLOYEE SHARE PLAN RULES

The following summarises the key elements of the proposed Employee Share plan to be adopted by Australian Bauxite Limited:

The Directors may offer a loan of money to an employee of the Company or to an employee of any of the Company's subsidiaries to purchase ordinary shares ('Shares') in the Company. The document containing the loan offer ('Offer') (which shall remain open for acceptance for ten business days) shall state the terms and conditions of the loan as determined by Directors.

Upon acceptance of a loan made pursuant to an Offer ('Loan'), the employee must buy Shares through a Broker. The purchase price of the Shares must not exceed the closing price of the Shares on the business day immediately prior to the day upon which the Shares are purchased by more than 5%. The Company will then forward the Loan amount to the broker in satisfaction, in whole or part, of the purchase price of the Shares.

Once purchased, the Shares are subject to the terms and conditions of the Employee Share Plan and remain so until all amounts outstanding under or in connection with the Loan are repaid. The Company must apply any dividends paid in respect of the Shares in satisfaction of any amounts outstanding under or in connection with the Loan. The Company shall have a lien over the Shares until all the amounts outstanding under or in connection with the Loan have been repaid. Until this time, the Company may take any action available to it to prevent the transfer of the Shares.

Notwithstanding the above, an employee may dispose of all or part of his or her Shares if authorised to do so by the Company or if a takeover bid is made for the Shares. In that event, the employee shall repay the Loan or that proportion of the Loan being the same proportion as the Shares disposed of to the total number of Shares held by the employee.

Loan shall be repayable in full on the first to occur of the following events:

- the employee ceases to be an employee of the Company, or of any of its subsidiaries, as the case may be;
- the employee fails to comply with a term or condition of the Loan or the Employee Share Plan;
- the employee becomes bankrupt;
- the tenth anniversary of the date of the Loan; or
- the Company demands repayment of the Loan.

A Loan may also be repaid at the option of the employee.

if the employee fails to comply with a term or condition of the Loan or the Employee Share Plan, or becomes bankrupt or fails to repay any amount outstanding under or in connection with the Loan when required to do so, the Company may purchase the Shares from the employee or direct that they be sold to a nominee of the Company at a price not less than the lesser of the purchase price of the Shares paid by the employee and the market price thereof at the date of such disposition. The Company shall apply the proceeds from the disposal of the shares towards satisfaction of any amounts outstanding under or in connection with the Loan. Any remaining amount of the Loan shall be forgiven by the Company.

ANNEXURE "B"

AUSTRALIAN BAUXITE LIMITED

ACN 139 494 885

TERMS AND CONDITIONS OF ISSUE OF OPTIONS FOR WHICH RATIFICATION IS SOUGHT UNDER RESOLUTION 3

1. Each option entitles the holder of that option to subscribe for one fully paid ordinary share.
2. The options may be exercised at any time prior to 5.00 p.m. (Sydney time) on 15 August 2013 at an exercise price of \$0.55 per option exercised.
3. Options may only be exercised by completing an Exercise Notice and delivering to the Company that Exercise Note and the Exercise Price in respect of each Option the subject of the Exercise Notice.
4. In the event of an Option being properly exercised, the Company shall issue to the Optionholder the relevant number of Shares.
5. Shares issued on the exercise of an Option will rank equally in all respects with fully paid Shares then on issue.
6. In the event of a reorganisation (including consolidation, subdivision, reduction, return or cancellation) of the issued capital of the Company, the number of Options or the Exercise Price or both shall be amended as appropriate and to the extent necessary to comply with the Listing Rules of the ASX applying to a reorganisation of capital at the time of the reorganisation.
7. If the Company makes a bonus issue of Shares (other than an issue in lieu of dividends or by way of dividend reinvestment pursuant to any Shareholder election), the number of shares issued on exercise of each Option will include the number of bonus Shares that would have been issued if the Option had been exercised prior to the books closing date (Record Date) for the bonus issue. No change will be made to the exercise price applicable to the Option.
8.
 - 8.1 Optionholders may only participate in issues of securities to Shareholders if the Option has been exercised and a share has been issued in respect of the Option before the books closing date for determining entitlements to the issue.
 - 8.1 Optionholders will be afforded the period of at least 10 Business Days prior to and inclusive of the books closing date (to determine entitlements to and issue of securities) to exercise the Option.
9. The options not exercised will automatically lapse:
 - 9.1 in the event of winding up of the Company; or
 - 9.2 after 5.00 p.m. Sydney time on 15 August, 2013.
10. The Options do not confer on the Optionholder any interest in the Company nor any right to a distribution of dividends by the Company.
11. The Options shall not be listed for official quotations on the ASX
12. The Options shall not be transferable without the prior written consent of the Company.
13. Within 10 days of receipt of an Exercise Notice and payment of the Exercise Price or such other date as required by the Listing Rules the Company shall apply for listing and official quotation on the ASX of all Shares issued pursuant to that Exercise Notice.
14. If the Options are exercised in part only then a new Option certificate will be issued in respect of the Options remaining unexercised. The number of Options exercised must be a multiple of 100,000 if Options are exercised in part.

**AUSTRALIAN BAUXITE LIMITED
(ACN 139 494 885)**

**ANNUAL GENERAL MEETING OF SHAREHOLDERS
PROXY FORM**

Please complete, sign and return this document to:

To: The Secretary
Australian Bauxite Limited
Level 2, Hudson House
131 Macquarie Street
SYDNEY NSW 2000

email executed form to: lfisher@higl.com.au

I/Webeing a member of Australian Bauxite Limited appoint:

Name of proxy:

Address of proxy:

Or in his or her absence (or if left blank), the chairman of the meeting as my/our proxy to attend, vote and otherwise act on my/our behalf at the Annual General Meeting of the Company to be held on 27 May 2011 and at any adjournment of that meeting.

If you wish to appoint the proxy in respect of only a specified number of your shares you must insert that number in the appropriate space below. In the absence of any such specification, the proxy will be taken to have been appointed in respect of all of your shares.

My/our proxy is authorised to exercise the vote rights in respect of of my/our shares.

RESOLUTIONS	FOR	AGAINST	ABSTAIN
Resolution 1 – Ordinary Resolution to approve Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Ordinary Resolution to re-elect Mr. Vincent Tan as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Ordinary Resolution to ratify past issue of securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Ordinary Resolution to issue securities to Sophisticated and Professional Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Ordinary Resolution to approve Company Employee Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Proxy Instructions

If you wish to direct how your votes are to be cast, place mark (X) in the appropriate box above.

Unless otherwise directed, the proxy holder may vote as he/she thinks fit, or abstain from voting.

The Chairman intends to vote all undirected proxies that he receives in favour of each resolution to be brought before the meeting.

If the Chairman of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in this box:

By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution/s and that votes cast by the Chairman of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

SIGNATURE OF MEMBER (S)

Individual or Member 1

Sole Director/Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

Date: _____

Contact Name: _____ **Contact Phone (daytime):** _____

Notes on Proxies

1. A Member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead pursuant to the Constitution.
2. If a Member appoints one proxy only, that proxy shall be entitled to vote on a show of hands, but if a Member appoints two proxies neither shall be entitled to vote on a show of hands.
3. Where more than one proxy is appointed, each proxy must be appointed to represent a specified portion of the Member's voting rights.
4. A proxy need not be a Member.
5. A proxy form must be signed by the Member(s) or the Member's attorney or, if a corporation, be executed in accordance with Section 127 of *the Corporations Act 2001* or by its attorney.
6. The instrument appointing a proxy and the power of attorney (if any) under which it is signed, or a notarially certified copy of the power and a declaration by the attorney of its non-revocation, must be deposited at the registered office of the Company or sent by facsimile to (61 2) 9251 7500 not less than 48 hours before the person named in the instrument purports to vote pursuant to it.