



AUSTRALIAN **BAUXITE** LIMITED

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

The Annual General Meeting of  
Australian Bauxite Limited  
ACN 139 494 885  
will be held at Level 2 131 Macquarie Street Sydney  
at 2.00 pm on Wednesday, 28 May 2014

# NOTICE OF THE ANNUAL GENERAL MEETING

## Australian Bauxite Limited ACN 139 494 885

Notice is hereby given that the Annual General Meeting of members of Australian Bauxite Limited (the **Company**) will be held at the registered office of the Company, Level 2 131 Macquarie Street Sydney at 2.00 pm on Wednesday, May 28 2014.

### Ordinary Business

#### 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 2013.

#### 2. Resolution 1: Ordinary resolution to adopt the Remuneration Report

To consider and, if thought fit, pass the following resolution **as a non-binding resolution**.

*"That the Directors' Remuneration Report for the year ended 31 December 2013 be and is hereby adopted for the purposes of the Corporations Act 2001"*.

**NOTE:** this Remuneration Report is set out on pages 34 to 36 of the Directors' Report contained in the 2013 Annual Report in accordance with Section 250R(3) of the *Corporations Act 2001 (the Act)*.

#### Voting Exclusion Statement

The company will disregard any votes cast on Resolution 1 (in any capacity, whether as proxy or as shareholder) by any of the following:

- (a) Key Management Personnel; and
- (b) Closely Related Parties of Key Management Personnel.

However, the Company need not disregard a vote if it is:

- (c) Cast by a person as a proxy appointed in accordance with the directions of the proxy form that specifies how the proxy is to vote on Resolution 1; and the vote is not cast on behalf of a person described in subparagraphs (a) and (b) above; or
- (d) Cast by the chair of the Meeting as proxy appointed in accordance with the directions of the proxy form for a person who is entitled to vote, and such appointment on the proxy form expressly authorises the chair to exercise the proxy even if the resolution is connected directly with the remuneration report; and the vote is not cast on behalf of a person described in subparagraphs (a) and (b) above.

#### 3. Election of Directors

##### a) Resolution 2: Ordinary resolution to elect Mr Paul Lennon as a Director of the Company

To consider and, if thought fit, pass the following resolution **as an ordinary resolution**.

*"That Paul Lennon, retiring in accordance with Article 49.1.1 of the Company's Constitution, be elected as a Director of the Company"*.

Note: the qualifications and experience of Mr Lennon is provided in the 2013 Annual Report tabled at this Annual General Meeting.

##### b) Resolution 3: Ordinary resolution to elect Mr Kon Tsiakis as a Director of the Company

To consider and, if thought fit, pass the following resolution **as an ordinary resolution**.

*"That Kon Tsiakis, retiring in accordance with Article 49.1.1 of the Company's Constitution, be elected as a Director of the Company"*.

Note: the qualifications and experience of Mr Tsiakis is provided in this Explanatory Statement attached to this Notice of Meeting

c) **Resolution 4: Ordinary resolution to re-elect Mr Ken Boundy as a Director of the Company**

To consider and, if thought fit, pass the following resolution **as an ordinary resolution.**

*“That Ken Boundy, retiring by rotation in accordance with Article 49.1.3 of the Company’s Constitution, be re-elected as a Director of the Company”.*

Note: The qualifications and experience of Mr Boundy is provided in the 2013 Annual Report tabled at this Annual General Meeting.

**4. Ratification of Previous Share Issues**

a) **Resolution 5: Ordinary resolution to ratify previous share issue**

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 7.4, and for all other purposes, the shareholders of the Company hereby approve and ratify the allotment and issue of 657,900 fully paid ordinary shares at an issue price of \$0.38 each on the terms and conditions set out in the explanatory statement.”*

**Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 5 by any person who has participated in the share issue under this Resolution or a person who has obtained a benefit, except a benefit solely in the capacity of a security holder, if Resolution 5 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.

b) **Resolution 6: Ordinary resolution to ratify previous share issue**

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 7.4, and for all other purposes, the shareholders of the Company hereby approve and ratify the allotment and issue of 5,400,000 fully paid ordinary shares, at an issue price of \$0.21 each, on the terms and conditions set out in the explanatory statement.”*

**Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 6 by any person who has participated in the share issue under this Resolution 6 or a person who has obtained a benefit, except a benefit solely in the capacity of a security holder, if Resolution 6 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.

c) **Resolution 7: Ordinary resolution to ratify previous share issue**

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

*“That for the purposes of ASX Listing Rule 7.4, and for all other purposes, the shareholders of the Company hereby approve and ratify the allotment and issue of 2,320,791 fully paid ordinary shares, at an issue price of \$0.243 each, on the terms and conditions set out in the explanatory statement.”*

**Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 7 by any person who has participated in the share issue under this Resolution 7 or a person who has obtained a benefit, except a benefit solely in the capacity of a security holder, if Resolution 7 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.

d) **Resolution 8: Ordinary Resolution to ratify previous share issue**

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

*“That for the purposes of ASX Listing Rule 7.4, and for all other purposes, the shareholders of the Company hereby approve and ratify the allotment and issue of 1,000,000 fully paid ordinary shares, at an issue price of \$0.243 each, on the terms and conditions set out in the explanatory statement.”*

**Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 8 by any person who has participated in the share issue under this Resolution 8 or a person who has obtained a benefit, except a benefit solely in the capacity of a security holder, if Resolution 8 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.

5. **Resolution 9: Special Resolution to Approve an Additional 10% Placement Facility**

To consider, and if thought fit, pass with or without amendment, the following resolution **as a special resolution**.

*“That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, approval is given by the shareholders to allow the Company to issue equity securities up to 10% of the issued capital of the Company (at the time of the issue), calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the explanatory statement attached hereto.”*

**Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 9 by any person who may participate in the share issue under this Resolution 9 or a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, or an associate of any of those persons, if Resolution 9 is passed. 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. Other Business**

To transact any other business that 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

A handwritten signature in blue ink, appearing to read 'Julian Rockett', written in a cursive style.

Julian Rockett  
Joint Company Secretary

Dated: 16 April 2014

**This Notice of Meeting is accompanied by an Explanatory Statement that 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 (**the 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 2013.

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.

Shareholders may view the Company's Annual Financial Report on the Company's website [www.australianbauxite.com.au/investors](http://www.australianbauxite.com.au/investors)

### 2. Resolution 1 – Adoption of Directors' Remuneration Report

In accordance with section 250R(2) of the *Corporations Act 2001* a resolution that the Remuneration Report be adopted must be put to a vote at the Company's Annual General Meeting. The vote on this resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's year 2013 Annual Report and is also available from the Company's website [www.australianbauxite.com.au](http://www.australianbauxite.com.au).

The Remuneration Report:

- describes the policies behind, and the structure of, the remuneration arrangements of the Company and the link between the remuneration of executives and the Company's performance;
- sets out the remuneration arrangements in place for each director and for certain members of the senior management team; and
- explains the difference between the bases for remunerating non-executive directors and senior executives, including the Chief Executive Officer.

If the Company's Remuneration Report resolution receives 'NO' votes of 25% or more of the votes cast at the meeting, the Company's subsequent remuneration report will include a report on actions taken by the Board in the Company's next annual report.

The Board will take the outcome of the vote, even if it received a less than 25% 'NO' vote into consideration when reviewing the Company's remuneration policy. A 'NO' vote of 25% or more was not received at the Company's 2013 Annual General Meeting.

### 3. Election of Directors

#### a) Resolution 2 – Election of Mr Paul Lennon as a Director

Article 49.1.1 of the Company's Constitution states that the Directors may at any time appoint a person to be a Director and Directors so appointed hold their office until the conclusion of the next Annual General Meeting of the Company whereby they are eligible for election.

Mr Paul Lennon was appointed on 28 November 2013 as an addition to the existing directors. In accordance with Article 49.1.1 Mr Paul Lennon offers himself for election. The qualifications and experience of Mr Paul Lennon is provided in the 2013 Annual Report tabled at this Annual General Meeting.

b) **Resolution 3 – Election of Mr Kon Tsiakis as a Director**

Article 49.1.1 of the Company's Constitution states that the Directors may at any time appoint a person to be a Director and Directors so appointed hold their office until the conclusion of the next Annual General Meeting of the Company whereby they are eligible for election.

Mr Tsiakis was appointed on 31 March 2014 as an addition to the existing directors. In accordance with Article 49.1.1 Mr Kon Tsiakis offers himself for election. The qualifications and experience of Mr Kon Tsiakis are as follows:

Mr Tsiakis is a Partner in HWL Ebsworth's Commercial Litigation practice based in Melbourne (formerly with Herbert Smith Freehills).

Other than his legal credentials, Mr Tsiakis is a former senior enforcement analyst with the Australian Securities & Investments Commission and regularly advises companies and directors on regulatory compliance and enforcement matters. His legal background includes advice and defence in a range of matters and has conducted disputes in the State Supreme Courts, the Federal Court of Australia as well as in numerous specialist tribunals.

c) **Resolution 4 - Re-election of Ken Boundy as a Director**

Mr Ken Boundy retires in accordance with Article 49.1.3 of the Company's Constitution which provides that one third of other directors (not counting the managing director) must automatically retire at the conclusion of the next Annual General Meeting of the Company. The Directors to retire under Article 49.1.3 are those directors who have been longest in office since their appointment on registration, or their last election.

Being eligible Mr Boundy offers himself for re-election.

#### 4. **Ratification of Previous Share Issue**

a) **Resolution 5: approve the issue of 657,900 shares October 2013**

Resolution 5 seeks shareholder ratification of the issue of 657,900 fully paid ordinary shares at an issue price of \$0.38 per share voluntarily escrowed until 31 December 2015 pursuant to a Memorandum of Understanding with Xinfra Group. The shares were issued on 31 October 2013.

Subject to certain exceptions, Listing Rule 7.1 restricts a company from issuing or agreeing to issue equity securities in any 12 months period which amount to more than 15% of the Company's ordinary securities on issue at the commencement of that period without shareholder approval.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold in Listing Rule 7.1. If subsequent approval to 'personal offer' is provided by shareholders, it will "refresh" the Company's ability to issue shares up to the 15% limit without the need for shareholder approval.

The Company seeks shareholder ratification of the issue of shares under the personal offer, so that the Company will have flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of Listing Rule 7.5, the following information is provided to shareholders to allow them to assess Resolution 5:

- a) A total number of 657,900 shares were allotted and issued.
- b) The shares were issued at an issue price of \$0.38 per share.
- c) The private placement was a "personal offer" to Xinfra Group in accordance with Section 708 of the Corporation Act.
- d) The Xinfra Group is not a related party of the Company.
- e) The shares issued were fully paid ordinary shares and rank equally in all respects with the existing fully paid ordinary shares on issue.

- f) The shares are escrowed until 31 December 2015.
- g) The funds raised provided additional working capital
- h) A Voting Exclusion Statement is included for the purpose of Resolution 5.

**b) Resolution 6: approve the issue of 5,400,000 shares in December 2013**

Resolution 6 seeks shareholder ratification of the issue of 5,400,000 fully paid ordinary shares at an issue price of \$0.21 per share pursuant to a private placement to sophisticated and professional investors made on 20 December 2013.

Subject to certain exceptions, ASX Listing Rule 7.1 restricts a company from issuing or agreeing to issue equity securities in any 12 months period which amount to more than 15% of the Company's ordinary securities on issue at the commencement of that period without shareholder approval.

ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold in ASX Listing Rule 7.1. If subsequent approval to the private placement is provided by shareholders, it will "refresh" the Company's ability to issue shares up to the 15% limit without the need for shareholder approval.

The Company seeks shareholder ratification of the issue of shares under the private placement so that the Company will have flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of ASX Listing Rule 7.5, the following information is provided to shareholders to allow them to assess Resolution 6:

- a) A total number of 5,400,000 shares were allotted and issued.
- b) The shares were issued at an issue price of \$0.21 per share.
- c) The private placement was an "excluded offer" to sophisticated investors determined in accordance with Section 708 of the Corporation Act. The shares were placed with clients of State One Stockbroking Ltd and Gleneagle Securities (Aust) Pty Ltd, both licensed securities dealers.
- d) None of the allottees are related parties of the Company.
- e) The shares issued were fully paid ordinary shares and rank equally in all respects with the existing fully paid ordinary shares on issue.
- f) Funds raised by the issue of shares pursuant to the private placement have been and will be primarily used to accelerate drilling and development programs and to provide working capital.
- g) A Voting Exclusion Statement has been included for the purpose of Resolution 6

**c) Resolution 7: approve the issue of 2,320,791 shares in January 2014**

Resolution 7 seeks shareholder ratification of the issue of 2,320,791 fully paid ordinary shares at an issue price of \$0.243 per share pursuant to a private placement to sophisticated and professional investors made on 31 January 2014.

Subject to certain exceptions, ASX Listing Rule 7.1 restricts a company from issuing or agreeing to issue equity securities in any 12 months period which amount to more than 15% of the Company's ordinary securities on issue at the commencement of that period without shareholder approval.

ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval provided the issue did not breach the 15% threshold in ASX Listing Rule 7.1. If subsequent approval to the private placement is provided by shareholders, it will "refresh" the Company's ability to issue shares up to the 15% limit without the need for shareholder approval.



The Company seeks shareholder ratification of the issue of shares under the private placement so that the Company will have flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of ASX Listing Rule 7.5, the following information is provided to shareholders to allow them to assess Resolution 7:

- a) A total number of 2,320,791 shares were allotted and issued.
  - b) The shares were issued at an issue price of \$0.243 per share.
  - c) The private placement was an “excluded offer” to sophisticated investors determined in accordance with Section 708 of the Corporation Act. The shares were placed with AAM Alpha Funds Plc Ausonio Fund.
  - d) None of the allottees are related parties of the Company.
  - e) The shares issued were fully paid ordinary shares and rank equally in all respects with the existing fully paid ordinary shares on issue.
  - f) Funds raised by the issue of shares pursuant to the private placement have been and will be primarily used to progress trial mining, mine establishment and development programs and to provide working capital.
  - g) A Voting Exclusion Statement has been included for the purpose of Resolution 7.
- d) **Resolution 8: approve the issue of 1,000,000 shares in March 2014**

Resolution 8 seeks shareholder ratification of the issue of 1,000,000 fully paid ordinary shares at an issue price of \$0.243 per share pursuant to a private placement to sophisticated and professional investors made on 12 March 2014.

Subject to certain exceptions, ASX Listing Rule 7.1 restricts a company from issuing or agreeing to issue equity securities in any 12 months period which amount to more than 15% of the Company’s ordinary securities on issue at the commencement of that period without shareholder approval.

ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval provided the issue did not breach the 15% threshold in ASX Listing Rule 7.1. If subsequent approval to the private placement is provided by shareholders, it will “refresh” the Company’s ability to issue shares up to the 15% limit without the need for shareholder approval.

The Company seeks shareholder ratification of the issue of shares under the private placement so that the Company will have flexibility to issue further securities should the need or opportunity arise.

In accordance with the requirements of ASX Listing Rule 7.5, the following information is provided to shareholders to allow them to assess Resolution 8:

- a) A total number of 1,000,000 shares were allotted and issued.
- b) The shares were issued at an issue price of \$0.243 per share.
- c) The private placement was an “excluded offer” to sophisticated investors determined in accordance with Section 708 of the Corporation Act. The shares were placed with Hudson Investment Group Ltd.
- d) The allottee was not a related party of the Company.
- e) The shares issued were fully paid ordinary shares and rank equally in all respects with the existing fully paid ordinary shares on issue.
- f) Funds raised by the issue of shares pursuant to the private placement have been and will be primarily used to accelerate drilling and development programs and to provide working capital.
- g) A Voting Exclusion Statement has been included for the purpose of Resolution 8.

## 5. Resolution 9 –Special Resolution to Approve an Additional 10% Placement Facility

The Company previously obtained approval under ASX Listing Rule 7.1A at the previous AGM, and **did not use the 10% Placement Facility**. This special resolution is put to members so that the Company retains a high level of capital raising flexibility to meet significant opportunity.

ASX Listing Rule 7.1 prohibits a listed company from issuing equity securities representing more than 15% of its issued capital in any twelve month period without obtaining shareholder approval (subject to certain exceptions).

However, under ASX Listing Rule 7.1A, a company can seek shareholder approval to allow up to an additional 10% capacity to issue the same class as existing quoted class of securities over a twelve month period after an annual general meeting.

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Facility. A special resolution requires at least 75% of the share voting.

If Resolution 10 is approved as a special resolution then the Company, within 12 months after shareholder approval, may issue an additional 10% equity securities calculated in accordance with the formula in ASX Listing Rule 7.1A.2 which is as follows:

**(A x D) – E** where

**A** = the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement to issue: **(113,711,160 shares)**

- a) **plus** the number fully paid ordinary shares issued in the last 12 months under an exception to ASX Listing Rule 7.2 **(3,497,879 shares issued under the Share Purchase Plan** plus 420,000 shares exercised under the Company's Employee Share Option Plan (exception 4 under ASX listing rule 7.2);
- b) plus the number of partly paid ordinary shares that became fully paid within the last 12 months;
- c) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of shares under ASX Listing Rule 7.1 and 7.4 (this does not include an issue of fully paid shares under the equity's 15% capacity without shareholder approval);
- d) less the number of fully paid ordinary shares cancelled in the 12 months.

Note that **A** has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity **(117,629,039)**.

**D** = 10%

**E** = the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rule 7.1 or 7.4

The following information is provided to shareholders for the purposes of obtaining shareholder approval pursuant to ASX Listing Rule 7.3A:

- a) the minimum price at which equity securities can be issued will be calculated in accordance with ASX Listing Rule 7.1A.3 which states the issue price of each equity security must be no less than 75% of the volume weighted average price for equity securities in that class calculated over the 15 days trading days on which trades in that class were recorded immediately before:
  - the date on which the price at which equity securities are to be issued is agreed; or if the equity securities are not issued within 5 trading days of the date in paragraph (a), the date on which the equity securities are issued.
- b) if Resolution 9 is approved by shareholders and the Company issues equity securities under the 10% Placement Facility, existing shareholders voting power in the Company will be diluted as shown in the table below under point c). There is a risk that:
  - the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of this approval under rule 7.1A; and
  - the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date;

which may have an effect on the amount of funds raised by the issue of the equity securities.

- c) As at the date of this Notice, the Company would have capacity to issue:
- **19,051,159 (127,007,730 x .15)** ordinary shares on the basis that Resolutions 5, 6, 7, & 8 are approved pursuant to ASX Listing Rule 7.1; or
  - **8,265,664 (117,629,039 x .15)- 9,378,691** ordinary shares, if Resolutions 5, 6, 7, & 8 are not approved pursuant to ASX Listing Rule 7.1; and
  - **12,700,773 (127,007,730 x 10%)** shares pursuant to ASX Listing Rule 7.1A on the basis that Resolutions 5, 6, 7, & 8 are approved.
  - **11,762,903 (117,629,039) x 10%** shares pursuant to ASX Listing Rule 7.1A, if resolutions 5, 6, 7, 8 & 9 are not approved.
- d) the below table shows examples of possible dilution of existing shareholders, on the basis of the market price of \$0.243 per share on 12 March 2014 and the number of fully-paid ordinary shares on issue of **117,629,039** pursuant to the definition of variable "A" under ASX Listing Rule 7.1A;

Variable A as per ASX Listing Rule 7.1A2		Dilution		
		\$0.125 50% decrease in issue price	\$0.25 issue price	\$0.50 100% increase in issue price
<b>Current Variable A</b> 117,629,039 shares	10% Voting Dilution	11,762,904 shares	11,762,904 shares	11,762,904 shares
	Funds Raised	\$1,470,363	\$2,940,726	\$5,881,452
<b>50% Increase in Current Variable A</b> 176,443,559 shares	10% Voting Dilution	17,644,356 shares	17,644,356 shares	17,644,356 shares
	Funds Raised	\$2,205,545	\$4,411,089	\$8,822,178
<b>100% Increase in Current Variable A</b> 235,258,078 shares	10% Voting Dilution	23,525,808 shares	23,525,808 shares	23,525,808 shares
	Funds Raised	\$2,940,726	\$5,881,452	\$11,762,904

This table has been prepared on the following assumptions:

- the Company issues the maximum number of equity securities available under the 10% Placement Facility.
  - the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
  - the table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Facility, based on that shareholder's holding at the date of the Meeting.
  - the table shows only the effect of issues of equity securities under ASX Listing Rule 7.1A, not under the 15% Placement Capacity under ASX Listing Rule 7.1.
- e) shareholder approval of the additional 10% as per ASX Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained. This approval will cease on the earlier to occur of:
- the date that is 12 months after the date of the annual general meeting at which the approval is gained; or
  - the date of the approval by shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- f) the Company may seek to issue the equity securities for the following purposes:
- non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or

- cash consideration. As disclosed in recent ASX announcements and reports, the company is actively pursuing further growth opportunities in Queensland, New South Wales and Tasmania. Any funds raised using this additional 10% capacity may be used to grow the business and / or additional working capital to fund these growth opportunities.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A (4) and 3.10.5A upon issue of any equity securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility.

The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to the factors including, but not limited to, the following:

- the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- the effect of the issue of the equity securities on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broker advisers (if applicable).

The allottees under this facility have not been determined as at the date of this notice but may include new or existing shareholders who are not related parties or associates of a related party of the company.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

- g) The Company advises in accordance with LR 7.3A.6(a), the total number of equity securities issued in the 12 months preceding the date of the meeting was 13,296,570 fully paid ordinary shares (**FPO**). This represented 11.7% of the share capital issued as from the date of the last Annual General Meeting.
- h) LR 7.3A.6(b) requirements are addressed in the table below as to the details of all securities issued in the previous 12 months.
- j) A voting exclusion statement is included in the Notice for the purpose of Resolution 9.

Date of Appendix 3B	No. of Securities Issued*	The shares were issued to:	Issue Price; total Cash Consideration and how used,	(Discount) / premium to market price	Security terms	Issued in accordance with an <u>exception</u> to both LR 7.1 & 7.1A
31 Oct 2013	657,900	Xinfa Group	\$0.38 per share: raising \$250,000 spent on working capital	17.5 cent premium to trading price 20.5 cents	FPO	N/A
20 Dec 2013	5,400,000	Eligible shareholders pursuant to s708	\$0.21 per share: raising \$1,134,000 partially spent on working capital approx. \$500,000 remaining to be spent on working capital	Market price	FPO	N/A
02 Dec 2013	420,000	Employees pursuant to exercise of employee share options.	\$0.30 per share: raising \$126,000 spent on working capital	6.5 cent premium to trading price 23.5 cents	FPO	Yes; "personal offer", shares were issued under the terms of the existing Employee Share Option Plan ( <i>Exception 9</i> )

Date of Appendix 3B	No. of Securities Issued*	The shares were issued to:	Issue Price; total Cash Consideration and how used,	(Discount) / premium to market price	Security terms	Issued in accordance with an <u>exception</u> to both LR 7.1 & 7.1A
31 Jan 2014	2,320,791	AAM Alpha Funds PLC – Ausonio Fund	\$0.243 per share: raising \$563,952 Nil spent. Funds to be spent on working capital	(0.2 cent) discount to trading price 24.5 cents	FPO	N/A
12 Mar 2014	1,000,000	Eligible shareholders pursuant to s708	\$0.243 per share: raising \$243,000 Nil spent. Funds to be spent on working capital	0.8 cent premium to trading price 23.5 cents	FPO	N/A
12 Mar 2014	3,497,879	Share Purchase Plan to eligible shareholders	\$0.243 per share: raising \$849,984 Nil spent. Funds to be spent on working capital	0.8 cent premium to trading price 23.5 cents	FPO	Yes; Shares issued pursuant to shareholders under a Share Purchase Plan previously announced to market on 4 January 2014 ( <i>Exception 15</i> )

\* all securities issued are FPO Shares in the company and enjoy one(1) vote for every one (1) share held at a meeting of the Company's members.

#### Voting Information:

#### Voting Entitlement at the Annual General Meeting in accordance with Regulation 7.11.37 of the Corporations Regulations 2001.

For the purpose of determining a person's entitlement to vote at the Annual General Meeting, a person will be recognised as a member of the Company and the holder of shares if that person is registered as a holder of those shares at 5.00pm Sydney time on 26 May 2014, being the second day prior to the date of the Annual General Meeting.

#### Votes of Members

On a show of hands, each member present in person or by proxy (or, in the case of a body corporate, by a representative) at the Annual General Meeting shall have one vote.

On a poll, every member present in person or by attorney or by proxy (or, in the case of a body corporate, by a representative) shall have one vote for each share held provided that all shares are fully paid.

#### Voting

Please note that for a resolution to be passed, except where otherwise indicated, a simple majority of votes from shareholders attending in person or voting by proxy is required.

#### Amendments to proxy voting

Shareholders are advised that the Federal government has introduced the *Corporations Amendment (improving Accountability on Director and Executive Remuneration) Act 2011 (Cth)* (the **CA Act**), which came into effect on 1 July 2011. The CA Act introduced new prohibitions on Key Management Personnel and their Closely Related Parties from voting their shares (or voting undirected proxies) on, amongst other things, remuneration matters.

However, the chair of a meeting may vote an undirected proxy (ie. a proxy that does not specify how it is to be voted), provided the shareholder who has lodged the proxy has given informed consent, in the form of an express voting direction to the chair to exercise the undirected proxy, even if the resolution is connected with the remuneration of a member of Key Management Personnel (**Informed Consent**).

In light of these legislative requirements, the Company recommends that shareholders consider the following options to ensure the validity of their votes:

- a) that shareholders direct proxies on a remuneration related resolution instead of leaving them undirected; or

- b) that shareholders nominate a proxy who is not a member of Key Management Personnel or any of their Closely Related Parties to vote on a remuneration related resolution; or
- c) that shareholders who wish to vest their undirected proxies in the chair on a remuneration related resolution ensure that they follow instructions provided on the proxy form in order to provide Informed Consent.

**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

fax executed form to: 02 9251 7500  
email executed form to: [irockett@higl.com.au](mailto:irockett@higl.com.au)  
By 5.00 pm on 26 May 2014

I / We .....  
being a member of Australian Bauxite Limited (the **Company**) appoint:

**Name of proxy:** .....

**Address of proxy:** .....

Or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my / our proxy to act generally at the Meeting on my / our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of the Company on 28 May 2014 and at any adjournment of or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:**

Where I / we have appointed the Chairman of the Meeting as my / our proxy (or the Chairman becomes my / our proxy by default), I / we expressly authorise the Chairman to exercise my / our proxy on Resolution 1 (except where I / we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box below.

The Chairman intends to vote all undirected proxies that he receives in favour of each resolution to be brought before the meeting, except where the Chairman is expressly forbidden to do so, under the *Corporations Act 2001*.

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.

**Items of Business**

Please mark  to indicate your directions

**PLEASE NOTE:** If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or poll and your votes will not be counted in computing the required majority.

**RESOLUTIONS****FOR****AGAINST****ABSTAIN**

Resolution 1 – Ordinary Resolution to adopt the Directors' Remuneration Report

Resolution 2 – Ordinary Resolution to elect Mr Paul Lennon

Resolution 3 – Ordinary Resolution to elect Mr Kon Tsiakis

Resolution 4 – Ordinary Resolution to re-elect Mr Ken Boundy

Resolution 5 – Ordinary Resolution to ratify previous 657,900 share issue

Resolution 6 – Ordinary Resolution to ratify previous 5,400,000 share issue

Resolution 7 – Ordinary Resolution to ratify previous 2,320,791 share issue

Resolution 8 – Ordinary Resolution to ratify previous 1,000,000 share issue

Resolution 9 – Special Resolution to approve an additional 10% placement facility

The Chairman of the meeting intends to vote all available proxies in favour of each item of business.

**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. Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box, your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.
2. 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.
3. 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.
4. Where more than one proxy is appointed, each proxy must be appointed to represent a specific portion of the member's voting rights. Otherwise each proxy may exercise half of your votes.
5. A proxy need not be a securityholder of the Company.
6. Signing instructions:

**Individual:** Where the holding is in one name, the security holder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.



**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry or the Company, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to Section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

For your vote to be effective, the completed proxy form must be received by 5.00 pm 26 May 2014.

Please advise of any change of address by completion of the section below:

My new address is:

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