

Queensland Bauxite Limited

ACN 124 873 507



Notice of Annual General Meeting

to be held on 28 November 2011

**Explanatory Memorandum
for the Notice of Annual General Meeting**

THIS DOCUMENT IS IMPORTANT AND REQUIRES

YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE

PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR

OTHER PROFESSIONAL ADVISER.

**NOTICE OF THE ANNUAL GENERAL MEETING
TO BE HELD AT LEVEL 34, 50 BRIDGE STREET, SYDNEY**

AT 11:30AM SYDNEY TIME ON MONDAY, 28 NOVEMBER 2011

**TO BE VALID, FORMS OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING MUST BE
COMPLETED AND RETURNED TO THE COMPANY NO LATER THAN
11.30AM SYDNEY TIME ON THURSDAY, 24 NOVEMBER 2011**

CHAIRPERSON'S LETTER

27th October 2011

Dear Shareholder

The directors (**Directors**) of Queensland Bauxite Limited (**Company**) have convened the annual general meeting (**Annual General Meeting**) of shareholders of the Company (**Shareholders**) to be held on Monday, 28 November 2011 to:

- table the financial statements and reports of the Company for the financial year ended 30 June 2011;
- vote on the election and re-election of Directors; and
- ratify past issues of Shares.

Notice of Annual General Meeting and accompanying documents

This letter is accompanied by a Notice of Annual General Meeting and the Explanatory Memorandum. The Notice of Annual General Meeting sets out the Resolutions that Shareholders are to consider. The Explanatory Memorandum explains in greater detail the background to the proposed Resolutions.

Shareholders are encouraged to read the enclosed Explanatory Memorandum and to attend the Annual General Meeting and vote on the Resolutions. A proxy form is enclosed to enable any Shareholder who is unable to attend the Annual General Meeting to vote at that meeting.

The Directors support the Resolutions contained in the Notice of Annual General Meeting. We recommend that you vote in favour of all Resolutions, full details of which are contained in the Notice of Annual General Meeting.

Yours faithfully



Pnina Feldman

Chairperson

GLOSSARY

1. Definitions

The following definitions are used in the Chairperson's Letter, the Notice of General Meeting and the Explanatory Memorandum:

Annual General Meeting means the annual general meeting of the Company to be held on 28 November 2011 pursuant to the Notice of Annual General Meeting;

Associate has the meaning given to that term in Part 1.2, Division 2 of the Corporations Act;

ASX means ASX Limited ACN 008 624 691 or the securities market operated by the ASX, as the case may be;

ASX Listing Rules means the official listing rules issued and enforced by the ASX as amended from time to time;

Board or **Board of Directors** means the board of Directors of the Company;

Business Day means a day which is not a Saturday, Sunday or public holiday in Sydney;

Chairperson means chairperson of the Company, who is currently Pnina Feldman;

Company or **QBL** means Queensland Bauxite Limited ACN 124 873 507;

Constitution means the constitution of the Company, as amended from time to time;

Corporations Act means *Corporations Act 2001 (Cth)*;

Directors means the directors of the Company;

Explanatory Memorandum means the explanatory memorandum set out in Section D of this document;

Investors means institutional or sophisticated investors, being persons who, because of one or more of sections 708(8), 708(10), 708(11) and 708(12) of the Corporations Act, may subscribe for Shares without receiving a disclosure document issued by the Company in accordance with Part 6D.2 of the Corporations Act;

Notice of Annual General Meeting or **Notice** means the notice of Annual General Meeting set out in Section C of this document;

QBL or the **Company** means Queensland Bauxite Limited ACN 124 873 507;

Resolution means a resolution passed by the requisite majority of members of the Company on a show of hands or by the requisite majority of votes given on a poll;

Share means a fully paid ordinary share in the issued capital of the Company and **Shares** means any two or more of them; and

Shareholder means a holder of a Share.

2. Interpretation

For the purposes of interpreting the Chairperson's Letter, the Explanatory Memorandum and the Notice of General Meeting:

- (a) the singular includes the plural and vice versa;
- (b) words importing any gender include both genders;

- (c) reference to any statute, ordinance, regulation, rule or other law includes all regulations and other instruments and all consolidations, amendments, re-enactments or replacements for the time being in force;
- (d) all headings, bold typing and italics (if any) have been inserted for convenience of reference only and do not define limit or affect the meaning or interpretation of the Chairperson's Letter, the Explanatory Memorandum and the Notice of General Meeting;
- (e) reference to persons includes bodies corporate and government authorities and in each and every case, includes a reference to the person's executors, administrators, successors, substitutes (including without limitation persons taking by novation and assignment); and
- (f) reference to **\$, A\$, Australian Dollars** or **dollars** is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Queensland Bauxite Limited ACN 124 873 507 (**QBL** or the **Company**) will be held at Level 34, 50 Bridge Street, Sydney on Monday, 28 November 2011 at 11:30am (Sydney time).

Defined terms used in this Notice of Annual General Meeting have the meanings given to them in the Glossary accompanying this Notice of Annual General Meeting.

1. Ordinary business

1.1 Financial Reports

To receive and consider the Financial Reports of the Company including the balance sheet and profit and loss account and statements of cash flows of the Company, the consolidated financial statement, the directors' declaration and the reports of the Directors and auditors for the financial year ended 30 June 2011.

Note: The Financial Report, Directors' Report and Auditor's Report for the Company for the year ended 30 June 2011 will be laid before the meeting. There is no requirement for Shareholders to approve those reports. Shareholders will be given an opportunity to raise questions of the Directors and the Company's auditor on the Accounts at the Annual General Meeting.

1.2 Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following Resolution:

"That the Remuneration Report for the year ended 30 June 2011 included in the Directors' Report, which is attached to the Financial Statements as required under section 300A of the *Corporations Act 2001* (Cth), be adopted by the Company."

Note: The Remuneration Report is set out on pages 24-27 and note 5 to the Financial Statements contained in the 2011 Annual Report. In accordance with section 250R(3) of the *Corporations Act 2001* (Cth) (**Corporations Act**), the votes cast in respect of this Resolution are advisory only and do not bind the Company.

1.3 Resolution 2: Re-election of Paul Stephenson

To consider and, if thought fit, to pass, with or without amendment, the following Resolution:

"That Paul Stephenson, having retired from his office as a Director in accordance with Rule 3.6 of the constitution of the Company and, being eligible, having offered himself for re-election, be re-elected as a Director."

1.4 Resolution 3: Election of Russell Williams

To consider and, if thought fit, to pass, with or without amendment, the following Resolution:

"That Russell Williams, having retired from his office as a Director in accordance with Rule 3.4 of the constitution of the Company and, being eligible, having offered himself for election, be elected as a Director."

2. Special business

2.1 Resolution 4: Past issues of Shares

To consider and, if thought fit, to pass, the following Resolution as an ordinary resolution:

"That, in accordance with ASX Listing Rule 7.4, Shareholders ratify the past issue of a total of 28,571,429 Shares to the Investors, and on the terms set out in paragraph 6 of the Explanatory Memorandum (Section D)."

3. Voting exclusion statements

3.1 Resolution 1

The Corporations Act prohibits any votes being cast on Resolution 1 by or on behalf of a person who is disclosed in the Remuneration Report as a member of the key management personnel of the Company (including the Directors and the Chairperson) or a closely related party of that key management personnel. However, such a person may cast a vote on Resolution 1 as a proxy for a person who is permitted to vote and the appointment of the proxy specifies the way the proxy is to vote on the resolution.

3.2 Resolution 4

In accordance with the notice requirements of ASX Listing Rule 7.5.6 for approval under ASX Listing Rule 7.4, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 4 by:

- (a) a person who participated in the issue of Shares referred to in Resolution 4; and
- (b) any Associate of that person(s).

However, the Company will not disregard a vote if:

- (c) 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
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. Determination of membership and voting entitlement

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 5:00 pm Sydney time on Thursday, 24 November 2011, being the second business day prior to the date of the Annual General Meeting.

5. 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 in the Company held by him, her or it.

6. Proxies

Please note that:

- (a) a member entitled to attend and vote at the Annual General Meeting is entitled to appoint no more than two proxies;
- (b) an instrument appointing a proxy must be in the form of the proxy form attached to this Notice of Annual General Meeting;
- (c) where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. If a member appoints two proxies, and the appointment does not specify the proportion of the member's voting rights each proxy may exercise, each proxy may exercise one-half of the voting rights;

- (d) a proxy need not be a member of the Company;
- (e) a proxy form may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where a proxy form so provides, the proxy is not entitled to vote on the Resolution except as specified in the proxy form;
- (f) a proxy has the authority to vote on the member's behalf as he or she thinks fit, on any motion to adjourn the Annual General Meeting, or any other procedural motion, unless the member gives a direction to the contrary;
- (g) a valid proxy form will be deemed to confer authority to demand or join in demanding a poll;
- (h) to be valid, a proxy form must be signed by the member or the member's attorney or, if the member is a corporation, executed in accordance with the corporation's constitution and the Corporations Act (and may be signed on behalf of the corporation by its attorney); and
- (i) to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be received by no later than 11:30 am on Thursday, 24 November 2011:

by the Company:

- by mail or in person: Queensland Bauxite Limited
Level 34, 50 Bridge Street
SYDNEY NSW 2000
Australia

or - by facsimile: +61 2 8216 0788

By order of the Board:



Sholom D Feldman

Company Secretary

Dated: 27th October 2011
Sydney

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum contains the information needed for QBL's Shareholders to assess Resolutions 1 through 4 to be put to them at the Annual General Meeting of QBL on 28 November 2011. A Notice of Annual General Meeting accompanies this document.

This Explanatory Memorandum, as well as the Notice of Annual General Meeting, should be read carefully and in their entirety.

2. Accounts and reports

The Financial Report, Directors' Report and Auditor's Report for the Company for the year ended 30 June 2011 will be laid before the meeting. There is no requirement for Shareholders to approve those reports. Shareholders will be given an opportunity to raise questions of the Directors and the Company's auditor on the Accounts at the Annual General Meeting.

3. Resolution 1 – Adoption of Remuneration Report

Resolution 1 is proposed for the adoption of the Remuneration Report contained in the Directors' Report referred to in the first item of the agenda set out in the Notice. Under the Corporations Act, the Company is required to present its Remuneration Report to Shareholders for adoption at its Annual General Meeting. The Remuneration Report of the Company for the financial year ended 30 June 2011 is set out in the Directors' Report on pages 24-27 and note 5 to the Financial Statements contained in the 2011 Annual Report.

The Annual Report may be accessed at <http://www.queenslandbauxite.com.au/> or on the ASX company announcements platform using the ASX code: QBL. A copy may also be obtained by contacting the Company Secretary on (02) 8216 0777. Shareholders will be given ample opportunity to raise questions of the Directors on the Remuneration Report prior to the Resolution being put to Shareholders. The Resolution to adopt the Remuneration Report is a non-binding Resolution on the Company and its Directors.

However, if at least 25% of the votes cast are against the adoption of the Remuneration Report, the Company's next Remuneration Report must explain the Board's proposed action in response or explain why no action has been taken.

In the following year, if at least 25% of the votes cast on the resolution that the Remuneration Report be adopted are against adoption, Shareholders will then vote to determine whether the Directors will need to stand for re-election. If more than 50% of the votes cast on the resolution are in favour, a separate re-election meeting must be held within 90 days.

The Board recommends that Shareholders vote in favour of adopting the Remuneration Report.

4. Resolution 2 – Re-election of Paul Stephenson

Resolution 2 relates to the re-election of Paul Stephenson as a Director of the Company. Under Rule 3.6 of the constitution of the Company, one-third of the Company's Directors must resign and, if eligible, may be re-elected.

Paul Stephenson has vacated his office as Director in accordance with Rule 3.6 and, being eligible, offers himself for re-election. The Directors recommend that Shareholders vote in favour of this Resolution

5. Resolution 3 – Election of Russell Williams

Resolution 3 relates to the election of Russell Williams as a Director of the Company. Under Rule 3.4 of the constitution of the Company, a Director appointed to fill a casual vacancy or as an addition to the existing Directors, holds office until the next annual general meeting of the

Company when the Director may be elected. A Director who retires in accordance with these requirements is eligible for election. Russell Williams was appointed as a Director on 18 April 2011.

Russell Williams is a qualified mechanical engineer with over 30 years experience in the bauxite and alumina industry, in various roles for Alcoa Inc. In his final three years with Alcoa, Russell was President of Boke Services, the managing companying of Company Bauxite de Guinee (CBG) (Alcoa JV), and in that role was responsible for all activity at the operation that ships over 13 million tonnes of bauxite per year.

Prior to this role, Russell was involved in all aspects of bauxite production for Alcoa Inc ranging from exploration through to project development and operations. He managed the West Australian bauxite mining operations at the Huntly Mine which in 1999 was producing 11 million tonnes of bauxite per year and is now producing in excess of 23 million tonnes. He then had oversight of all of Alcoa's global mining activity in Brazil, Jamaica and Suriname.

Russell Williams has a proven record of bauxite production and operations management and is an asset to the Board.

Russell Williams has vacated his office as Director in accordance with Rule 3.4 and, being eligible, offers himself for election. The Directors recommend that Shareholders vote in favour of this Resolution.

6. Resolution 4 – Past issues of Shares

Pursuant to ASX Listing Rule 7.5, the following information is provided regarding ASX Listing Rule 7.4 approval:

ASX Listing Rule 7.1 provides that a company must not issue equity securities, or agree to issue equity securities (which includes shares and options) without the approval of shareholders if the number of equity securities to be issued in any 12-month period (including equity securities issued on the exercise of any convertible securities) exceeds 15% of the issued capital of the company preceding the issue. ASX Listing Rule 7.4 allows for subsequent shareholder approval if the company did not breach ASX Listing Rule 7.1 at the time of issue and the holders of ordinary shares subsequently approve it.

During February 2011, the Company issued a total of 28,571,429 Shares at an issue price of \$0.21 per Share to various Investors. As at **28 February 2011**, the 28,571,429 Shares represented 11.7% of the then issued capital of the Company. Accordingly, the Company is seeking approval of the issue of the 28,571,429 Shares in the manner provided by ASX Listing Rule 7.4.

The Investors are institutional or sophisticated investors as defined in the Corporations Act clients of Hartleys Limited. None of the Investors are related to the Company.

The Company was not required to provide any of the Investors with a disclosure document.

Although Shareholder approval was not required for the issue of these Shares, the Company now seeks Shareholder approval for these issues in the manner provided by ASX Listing Rule 7.4, because this will enable the Company to issue, pursuant to ASX Listing Rule 7.1, further equity securities up to the 15% limit from time to time as required by the Company, to capitalise on future opportunities without needing to obtain prior Shareholder approval.

These Shares rank equally with all the other Shares on issue.

The amount raised by the issue of Shares was applied towards the Company's working capital requirements.

A voting exclusion statement is included in paragraph 3.2 of the Notice of Annual General Meeting (Section C).

PROXY FORM

**APPOINTMENT OF PROXY
QUEENSLAND BAUXITE LIMITED
ACN 124 873 507**

ANNUAL GENERAL MEETING

I/We

being a member of Queensland Bauxite Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

OR

Mark this box if you wish to appoint the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at 11.30 am (EDST), on 28th November 2011 at level 34, 50 Bridge Street Sydney N.S.W, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Director – Paul Stephenson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Election of Director - Russell Williams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Past issue of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is

Signed this day of 2011 _____ %

By:

Individuals and joint holders

Signature
Signature
Signature

Companies (affix common seal if appropriate)

Director
Director/Company Secretary
Sole Director and Sole Company Secretary

**QUEENSLAND BAUXITE LIMITED
ACN 124 873 507**

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. Where a member's holding is in one name the holder must sign. Where the holding is in more than one name, all members should sign.
3. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under a power of attorney, the power of attorney must be lodged in like manner as this Proxy Form.
4. Corporate members should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

5. Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
6. To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Queensland Bauxite Limited, Level 34, 50 Bridge Street, Sydney, New South Wales 2000; or
 - (b) facsimile to the Company on facsimile number +61 2 8216 0788,

so that it is received not later than 11.30 am (EDST) on Thursday 24th November 2011.

Proxy forms received later than this time will be invalid.