

Queensland Bauxite Limited

ACN 124 873 507



Notice of Annual General Meeting

to be held on 30 November 2012

**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 14 AUSTRALIA SQUARE, 264-278 GEORGE STREET, SYDNEY**

AT 11:30AM SYDNEY TIME ON FRIDAY, 30 NOVEMBER 2012

**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 WEDNESDAY, 28 NOVEMBER 2012**

CHAIRPERSON'S LETTER

30th October 2012

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 Friday, 30 November 2012 to:

- table the financial statements and reports of the Company for the financial year ended 30 June 2012;
- vote on the re-election of Sholom Feldman as a Director; and
- obtain approval to increase the Company's share placement capacity by 10% in accordance with ASX Listing Rule 7.1A, in addition to the existing 15% annual limit.

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 Annual General Meeting and the Explanatory Memorandum:

Annual General Meeting means the annual general meeting of the Company to be held on 30 November 2012 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);

Director means a director of the Company;

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

Equity Securities has the meaning given to that term in ASX Listing Rule 19.12;

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;

Shareholder means a holder of a Share; and

Trading Day has the meaning given to that term in ASX Listing Rule 19.12.

2. Interpretation

For the purposes of interpreting the Chairperson's Letter, the Explanatory Memorandum and the Notice of Annual 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 Annual 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.

SECTION C - 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 14 Australia Square, 264-278 George Street, Sydney, on Friday, 30 November 2012 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 2012.

Note: The Financial Report, Directors' Report and Auditor's Report for the Company for the year ended 30 June 2012 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, the following Resolution:

"That the Remuneration Report for the year ended 30 June 2012 included in the Directors' Report, which is attached to the Financial Statements as required under section 300A of the Corporations Act, be adopted by the Company."

Note: The Remuneration Report is set out on pages 28-32 and note 10 to the Financial Statements contained in the 2012 Annual Report. In accordance with section 250R(3) of the 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 Sholom Feldman

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

"That Sholom Feldman, 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."

2. Special business

2.1 Resolution 3: Approval of the 10% placement facility

To consider and, if thought fit, to pass, the following Resolution as a special resolution:

"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of 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 Memorandum."

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 3

In accordance with the notice requirements of ASX Listing Rule 7.3A.7 for approval under ASX Listing Rule 7.1A, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 3 by:

- (a) a person who may participate in the issue;
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- (c) any Associate of such persons mentioned in paragraphs 3.2(a) and 3.2(b) above.

However, the Company will not disregard a vote if:

- (d) 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
- (e) 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 Wednesday, 28 November 2012, 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 Sydney time on Wednesday, 28 November 2012:

by the Company:

by mail or in person: Queensland Bauxite Limited
67 Penkivil Street
BONDI NSW 2026
Australia

or by facsimile: +61 2 9387-5316

By order of the Board:



Sholom D Feldman

Company Secretary

Dated: 30 October 2012
Sydney

SECTION D - EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum contains the information needed for QBL's Shareholders to assess Resolutions 1 through 3 to be put to them at the Annual General Meeting of QBL on 30 November 2012. 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 2012 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 2012 is set out in the Directors' Report on pages 28-32 and note 10 to the Financial Statements contained in the 2012 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 at sfeldman@queenslandbauxite.com.au. 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 Sholom Feldman

Resolution 2 relates to the re-election of Sholom Feldman 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.

Sholom Feldman 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 – Approval of the 10% placement facility

5.1 General

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued capital, through placements over a 12 month period, after the Annual General Meeting (**10% Placement**). The 10% Placement is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 7.1A, an eligible entity 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 seeking to obtain Shareholder approval by way of a special resolution, to enable the Company to issue Equity Securities under the 10% Placement.

The exact number of Equity Securities to be issued under the 10% Placement will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and set out in detail in paragraph 5.2(c), below.

5.2 Description of ASX Listing Rule 7.1A

(a) *Shareholder approval*

The ability to issue Equity Securities under the 10% Placement is subject to Shareholder approval by way of a special resolution at an Annual General Meeting.

(b) *Equity Securities*

Any Equity Securities issued under the 10% Placement must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of the Notice of Annual General Meeting, the Company has one quoted class of Equity Securities on issue, being Shares.

(c) *Formula for calculating the 10% Placement*

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, the number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of Shares on issue 12 months before the date of issue or agreement:

plus the number of fully paid Shares issued in the 12 months under an exception in ASX Listing Rule 7.2;

plus the number of partly paid Shares that became fully paid in the 12 months;

plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under ASX Listing Rules 7.1 and 7.4; and

less the number of fully paid Shares cancelled in the 12 months.

D is 10%.

E is 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 holders of Shares under ASX Listing Rules 7.1 or 7.4.

(d) *ASX Listing Rules 7.1 and 7.1A*

The ability of an entity to issue Equity Securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

At the date of this Notice of Annual General Meeting, the Company has on issue 271,363,192 Shares and therefore, has capacity to issue:

- (i) 40,704,479 Equity Securities under ASX Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 3, 27,136,319 Equity Securities under ASX Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated on the date of issue of Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (see paragraph 5.2(c)).

(e) *Minimum issue price*

The issue price of Equity Securities issued under ASX Listing Rule 7.1A must not be less than 75% of the volume weighted average price of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph 5.2(e)(i), the date on which the Equity Securities are issued.

(f) *10% Placement Period*

Shareholder approval of the 10% Placement under ASX Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; and
- (ii) 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 a main undertaking),

(10% Placement Period).

5.3 **ASX Listing Rule 7.1A**

The effect of Resolution 3 will be to allow the Company to issue Equity Securities in any existing quoted class, under ASX Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under ASX Listing Rule 7.1. As at the date of the Notice of Annual General Meeting, the Company has one quoted class of Equity Securities on issue, being Shares.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

5.4 Specific Information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement under ASX Listing Rule 7.1A:

(a) **ASX Listing Rule 7.3A.1:** *Minimum price at which the equity securities may be issued*

The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) **ASX Listing Rule 7.3A.2:** *Statement of the risk of economic and voting dilution of existing ordinary security holders*

If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:

- (i) 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 the Annual General Meeting; and
- (ii) 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.,

The table below sets out the potential dilution of existing Shareholders on the basis of the current market price of Shares and the current number of Shares on issue, being variable "A" in the table, which is calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice of Annual General Meeting.

The table also shows:

- (iii) in addition to the current variable "A", two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of Shares the Company has on issue. The number of Shares on issue may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at future Shareholders' meetings; and
- (iv) two examples, one where the issue price of ordinary securities has decreased by 50% and the other where the issue price of ordinary securities has increased by 50%, as against the current market price.

		Dilution		
Variable "A" in ASX Listing Rule 7.1A.2 (subject to the assumptions below)		50% decrease in Issue Price \$0.0075	Issue Price \$0.015	100% increase in Issue Price \$0.03
Current Variable A 271,363,192 Shares	10% voting dilution	27,136,319 Shares	27,136,319 Shares	27,136,319 Shares
	Funds raised	\$203,522.39	\$407,044.79	\$814,089.57
50% increase in current Variable A 407,044,788 Shares	10% voting dilution	40,704,479 Shares	40,704,479 Shares	40,704,479 Shares
	Funds raised	\$305,283.59	\$610,567.85	\$1,221,134.37
100% increase in current Variable A 542,726,384 Shares	10% voting dilution	54,272,638 Shares	54,272,638 Shares	54,272,638 Shares
	Funds raised	\$407,044.79	\$814,089.57	\$1,628,179.14

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- 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, based on that Shareholder's holding at the date of the Annual General 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.
- The assumed issue price is \$0.015, being the closing price of Shares on ASX on 29 October 2012.

(c) **ASX Listing Rule 7.3A.3: Date by which securities may be issued**

The Company will only issue the Equity Securities during the 10% Placement Period.

The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or ASX Listing Rule 11.2 (disposal of the Company's main undertaking) during the 10% Placement Period.

(d) **ASX Listing Rule 7.3A.4: Purposes of the issue**

The Company may issue Equity Securities under the 10% Placement to raise additional working capital for the Company and for strategic acquisitions as deemed appropriate by the Board.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon the issue of any Equity Securities.

(e) **ASX Listing Rule 7.3A.5:** *Details of the allocation policy for issues under the approval*

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

- (i) the methods of raising funds that are available to the Company, including but not limited to, a share placement, rights issue or other issue in which an existing Shareholder(s) can subscribe for Shares;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement have not been determined as at the date of this Notice of Annual General Meeting but may include existing substantial Shareholders and/or new Shareholders who are not related parties or Associates of a related party of the Company. For the avoidance of doubt, the allottees will not include related parties or Associates of a related party of the Company.

(f) **ASX Listing Rule 7.3A.6:** *Previous approval under ASX Listing Rule 7.1A*

The Company has not previously obtained Shareholder approval under ASX Listing Rule 7.1A.

(g) **ASX Listing Rule 7.3A.7:** *A voting exclusion statement*

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

5.5 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 3. The Directors consider that the approval of the 10% Placement described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under ASX Listing Rule 7.1A in the next 12 months, without further Shareholder approval.

SECTION E - 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 at the Annual General Meeting to be held at 11:30am (Sydney time) on 30th November 2012 at Level 14 Australia Square, 264-278 George Street, Sydney NSW, and at any adjournment thereof.

Where I/we have appointed the Chair of the meeting as my/our proxy or the Chair becomes my/our proxy by default, I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have expressed 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 Chair.

If the Chair 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 mark this box.

☐

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the Resolutions and that votes cast by the Chair 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 Chair 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.

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	☐	☐	☐
Resolution 2 – Re-election of Director – Sholom Feldman	☐	☐	☐
Resolution 3 – Approval of 10% Placement Facility	☐	☐	☐

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 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 November 2012

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, 67 Penkivil Street, Bondi, NSW 2026; or
 - (b) facsimile to the Company on facsimile number +61 2 **9387 5316**

so that it is received not later than 11.30am (Sydney time) on Wednesday 28th November 2012.

Proxy forms received later than this time will be invalid.