

Deanne Carpenter
Adviser, Listings Compliance (Perth)
ASX Compliance Pty Limited
Level 8 Exchange Plaza
2 The Esplanade
Perth WA 6000

31 December 2013

Via email: Deanna.carpenter@asx.com.au

Dear Deanna,

Queensland Bauxite Limited ("Company")

Appendix 3Y – Change of Director's Interest Notice

We refer to your letter dated 27 December 2013 regarding the change of director's interest notice (Appendix 3Y) lodged by the Company with the ASX on 27 December 2013 in relation to the issue of 4,500,000 shares to Mr Paul Stephenson (**Notice**).

The Company recognises that the Notice was lodged outside the timeline prescribed in accordance with Listing Rule 3.19A.2. Late lodgement of the Notice to the ASX represents an isolated incident due to extraneous circumstances as outlined under Point 1. Further, the Company is committed to ensuring that no further late lodgements occur in future, and has strengthened its internal processes accordingly, as outlined under Point 3.

In response to the questions in your letter, we give the following answers:

1. Please explain why the Notice was lodged late?

The Company was delayed in lodging the Notice as Mr Stephenson was not given timely notice in writing by the Company's Share Registry of the issue of the shares. Mr Stephenson did not purchase these securities directly –they were issued to him in lieu of past director's fees. As such, Mr Stephenson was dependent upon notice of their issue by the Company's share registry.

In the busy period leading up to the close of business for 2013, the Company's share registry failed to inform him of the issue within 5 days of the issue of securities. Mr Stephenson himself, and the Company's Secretary, complied

with the Company's securities trading policy immediately they were made aware of the issue of securities and resultant change in interest.

2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?

All directors of the Company are aware of their obligations in relation to Listing Rule 3.19A and in accordance with the Listing Rules, the Company has put in place a securities trading policy (as previously lodged with the ASX).

The policy requires The Company's Directors to obtain permission from the Chairman, and for the Chairman to obtain clearance from the Executive Chairman, prior to any dealings in the Company's securities, such that the Company Secretary is provided with initial and final notifications in relation to dealings in the shares.

3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

While the Company believes that the Directors understand their obligations to comply with the notification requirements after any dealings in the Company's securities, and the previously-existing procedures are adequate, timely lodgement of notices of change in interest rely upon the receipt and timely action of correspondence. In this specific instance, the untimely confirmation of the transaction was attributable to human error. The Company is determined to prevent any similar occurrence in the future, and has taken action to ensure to facilitate compliance, including:

- (a) implementing a bring-up system such that where an Appendix 3Y is to be lodged, the Company Secretary is reminded to follow-up Notice completion and ensure lodgement within the 5 business day time period;
- (b) incorporation of compliance with listing rule 3.19A on the agenda of each Board Meeting as a reminder to the Directors of their ongoing disclosure obligations.

The Company is strongly committed to ensuring its compliance with the disclosure obligations in accordance with its Securities Trading Policy and the



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Listing Rules, and is confident that the necessary procedures are in place to prevent the occurrence of late disclosure in the future.

Signed for and on behalf of the Company.

Sholom Feldman
Company Secretary



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27 December 2013

Mr Sholom Feldman
Company Secretary
Queensland Bauxite Limited
67 Penkivil St
BONDI NSW 2026

By email: sholomfeldman@gmail.com

Dear Sholom

Queensland Bauxite Limited (the "Company")

We refer to the following:

1. The Company's announcement lodged with ASX Ltd ("ASX") on 27 December 2013 regarding a change of director's interest notice for Mr Paul Stephenson ("Appendix 3Y").
2. Listing rule 3.19A which requires an entity to tell ASX the following:
 - 3.19A.1 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times:*
 - On the date that the entity is admitted to the official list.
 - On the date that a director is appointed.

The entity must complete an Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.
 - 3.19A.2 *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete an Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*
 - 3.19A.3 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete an Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.*

3. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

As the Appendix 3Y indicates that a change in Mr Stephenson's notifiable interest occurred on 10 December 2013, the Appendix 3Y should have been lodged with the ASX by 17 December 2013. As the Appendix 3Y was lodged on 27 December 2013 it appears that the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions.

1. Please explain why the Appendix 3Y was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail to deanna.carpenter@asx.com.au or by facsimile on facsimile number +61 8 9221 2020. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than **3:00 pm (WST) on Tuesday, 31 December 2013**.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Deanna Carpenter
Adviser, Listings Compliance (Perth)