



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 11.00 am
on Friday 29 May 2020

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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 11.00am on 29 May 2020.

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 2019.

2. Remuneration Report

Resolution 1: Non-binding 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 2019 be and is hereby adopted for the purposes of the Corporations Act 2001 (Cth)".

NOTE: this Remuneration Report is set out on pages 17 to 19 of the Directors' Report contained in the 2019 Annual Report in accordance with Section 250R(3) of the *Corporations Act 2001 (Cth)*.

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 persons:

Key Management Personnel and Closely Related Parties of Key Management Personnel.

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

- Cast by a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions of the proxy form that specifies how the proxy is to vote on Resolution 1; or
- Cast by the chair of the Meeting as proxy or attorney 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; or
- Cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - The beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the resolution; and
 - The holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. Election of Directors

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 ASX Listing Rule 14.5 and Article 49.1.3 of the Company's Constitution, be elected as a Director of the Company".

Note: the qualifications and experience of Mr Lennon are provided in the 2019 Annual Report tabled at this Annual General Meeting.

4. Issue of Securities to Directors

Resolution 3: Ordinary resolution to Approve Issue of Securities to Director Paul Lennon

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

"That, for the purposes of ASX Listing Rules 10.11 and for all other purposes, approval is given to grant Paul Lennon (and/or his nominee), a director of the Company, 655,470 Shares on the terms outlined in this Explanatory Statement".

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3 by or on behalf of Paul Lennon or an associate of Paul Lennon and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of Paul Lennon who is excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 4: Ordinary resolution to Approve Issue of Securities to Director Ian Levy

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

“That, for the purposes of ASX Listing Rules 10.11 and for all other purposes, approval is given to grant Ian Levy (and/or his nominee), a director of the Company, 2,731,127 Shares on the terms outlined in this Explanatory Statement”.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 4 by or on behalf of Ian Levy or an associate of Ian Levy and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of Ian Levy who is excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 5: Ordinary resolution to Approve Issue of Securities to Director Ken Boundy

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

“That, for the purposes of ASX Listing Rules 10.11 and for all other purposes, approval is given to grant Ken Boundy (and/or his nominee), a director of the Company, 873,960 Shares on the terms outlined in this Explanatory Statement”.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 5 by or on behalf of Ken Boundy or an associate of Ken Boundy and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of Ken Boundy who is excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. Additional Placement Capacity

Resolution 6: Special resolution to approve an additional 10% placement capacity

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.”

Note: this resolution is a special resolution and can only be passed if at least 75% of the votes cast, in person or by proxy, by members who are entitled to vote on the resolution, vote in favour.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 6 by any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity)

However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of Ken Boundy who is excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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



Henry Kinstlinger
Company Secretary

29 April 2020

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 (Cth) 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 (Cth)* 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 2019.

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 <http://australianbauxite.com.au/Annual-and-Half-Year-Reports.htm>.

2. Resolution 1: Remuneration Report

Resolution 1 – Adoption of Directors' Remuneration Report

In accordance with Section 250R(2) of the *Corporations Act 2001 (Cth)* 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 2019 Annual Report and is also available from the Company's website <http://australianbauxite.com.au/Annual-and-Half-Year-Reports.htm>.

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 2019 Annual General Meeting.

3. Resolution 2: Election of Directors

Resolution 2 – Election of Mr Paul Lennon as a Director

Mr Paul Lennon retires in accordance with ASX Listing Rule 14.5 which states that an entity which has directors must hold an election of directors at each annual general meeting and Article 49.1.3 of the Company's Constitution, which provides that one third of the directors automatically retire at the end of each Annual General Meeting of the Company.

Mr Lennon was appointed as a non-executive director of the company on 28 November 2014. Being eligible, Mr Lennon offers himself for re-election.

4. Resolutions 3, 4 and 5: Issue of Securities to Directors

4.1 Background

The Company is of the belief that its remuneration policies should align the interests of Australian Bauxite Limited Shareholders with that of Directors to promote the long-term growth and prosperity of the business.

4.2 Regulatory Framework

Chapter 2E

Chapter 2E of the Corporations Act requires that for a public company to give a financial benefit to a related

party, the public company must obtain the approval of members in the manner set out in Sections 217 to 227 of the Corporations Act and give the benefit within 15 months following such approval unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

Directors rely on s211 of the Corporations Act and confirm that the grant of securities contemplated by Resolutions 3, 4 and 5 is reasonable remuneration for services rendered as Directors by Paul Lennon, Ian Levy and Ken Boundy. As a result, shareholder approval for these resolutions is not sought under Chapter 2E.

ASX Listing Rules 10.11

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues or agrees to issue securities to a related party or a person whose relationship with the entity or a related party is in ASX's opinion such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

ASX Listing Rules 7.1

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to the related parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Shares to the related parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

s195(4) Directors Restrictions on Voting

As the three Directors have a material personal interest in the issue of the Shares, the Company seeks approval under section 195 of the Corporations Act so that the Shareholders may pass a resolution to deal with this matter.

4.3 ASX Listing Rule and Corporations Act Disclosures

The following information is provided in accordance with section 219 of the Corporations Act and ASX Listing Rule 10.13, specifically 10.13.2, 10.13.5 and 10.13.8.

- The following person will be given securities under Resolutions 3, 4 and 5 respectively:
 - i) Paul Lennon (and/or their nominee) – 655,470 Fully Paid Ordinary Shares
 - ii) Ian Levy (and/or their nominee) – 2,731,127 Fully Paid Ordinary Shares
 - iii) Ken Boundy (and/or their nominee) – 873,960 Fully Paid Ordinary Shares
- The persons receiving securities per Resolutions 3, 4 and 5 are Directors of the Company and are therefore a related party under ASX Listing Rule 10.11.1 and/or under ASX Listing Rule 10.11.4 an associate of a person referred to in ASX Listing Rule 10.11.1.
- Pursuant to ASX Listing Rule 10.13.5 the date or dates on which all securities to be issued under Resolutions 3, 4 and 5 will be no later than one month after the date of the meeting, that is no later than 26 June 2020.
- The shares will be offered at an issue price of \$0.100691 which is the value of shares based on the Volume Weighted Average Price (VWAP) of the Company's Shares for the 3-month period from 16 January 2020 to 15 April 2020.
- ASX Listing Rule 10.13.8 states that if the person is a director of the Company and therefore a related party under ASX Listing Rule 10.11.1 and the issue of shares is intended to remunerate or incentivise the director, details (including the amount) of the director's current total remuneration package is to be outlined. This information is outlined as per below:
 - i) Paul Lennon - \$80,000 per annum as Chairman
 - ii) Ian Levy - \$250,000 per annum as Managing Director/CEO
 - iii) Ken Boundy - \$40,000 per annum as Non-Executive Director
- The relevant interests of the related parties in securities of the Company following the passing of Resolutions 3, 4 and 5 is outlined in Section 4.4 below.
- No funds will be raised from the issue of Shares in Resolutions 3, 4 and 5. The securities to be issued to the Directors are being issued in lieu of cash remuneration. Please see Section 4.4 for further information.
- The securities to be issued to the Directors are not being issued under an agreement.
- A voting exclusion statement has been included for the purposes of Resolutions 3, 4 and 5.

4.4 Reasons for Issue of Securities to Directors

In order to preserve cash reserves, the Company is seeking approval to issue shares to Paul Lennon, Ian Levy and Ken Boundy (and/or their nominees) in lieu of cash remuneration for their services as directors of the Company. The Directors believe that this form of remuneration is beneficial to the Company's operation and is reasonable given the Company's position.

Mr Lennon is owed \$66,000.00 (inclusive of GST) in cash remuneration from 1 October 2019 to 30 June 2020. As a result, the number of shares to be received by Mr Lennon subject to Resolution 3 is 655,470 shares (rounded down).

Mr Levy is owed \$275,000.00 (inclusive of GST) in cash remuneration for the period from 1 January 2019 to 31 March 2020. As a result, the number of shares to be received by Mr Levy subject to Resolution 4 is 2,731,127 shares (rounded down).

Mr Boundy is owed \$88,000 (inclusive of GST) in cash remuneration for the period from 1 April 2018 to 31 March 2020. As a result, the number of shares to be received by Mr Boundy subject to Resolution 5 is 873,960 shares (rounded down).

Effect of Issue of Securities on Interests of Directors

	Paul Lennon	Ian Levy	Ken Boundy
Current	2,729,399	3,170,189	1,379,129
Resolution 3	655,470	-	-
Resolution 4	-	2,731,127	-
Resolution 5	-	-	873,960
Total	3,384,869	5,901,316	2,253,089

5. Additional Placement Capacity

Resolution 6 – Additional 10% Placement Capacity

The Company previously obtained the same approval under ASX Listing Rule 7.1A at the previous AGM and **did not use the 10% Placement Facility**. The company currently has no plans to use this additional placement capacity. This special resolution is put to members so that the Company retains a high level of capital raising flexibility to meet significant opportunity.

Listing Rule 7.1A enables “eligible entities” to seek the approval of shareholders to issue Equity Securities of up to 10% of its issued share capital through placement over a 12-month period after the Annual General Meeting. The 10% Placement Facility is in addition to the Company’s 15% placement capacity under Listing Rule 7.1 and will only be issued if Resolution 6 is passed at the 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, without subsequent Shareholder approval and without using the Company’s 15% annual placement capacity granted under Listing Rule 7.1.

If Resolution 6 is approved as a **special resolution**, the Company will be able to issue ‘equity securities’ under Listing Rule 7.1 and 7.1A without further shareholder approval such that the Company’s total annual placement capacity will be 25% of its issued capital.

If Resolution 6 is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without shareholder approval provided for in Listing Rule 7.1 and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

The proposed allottees of any Equity Securities under the 10% Placement Facility are not as yet known or identified. In these circumstances, Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

Description of Listing Rule 7.1A

(a) General

- **Shareholder Approval**
The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting. Hence, at least 75% of votes cast by Shareholders present and eligible to vote at the Annual General Meeting must be in favour of Resolution 6 for it to be passed
- **Equity Securities**
An Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

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, a number of Equity Securities calculated in accordance with the following formula:

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

A = The number of fully paid ordinary shares on issue at the commencement of the 12 months immediately preceding the date of issue or agreement to issue:

- plus the number of fully paid ordinary securities issued in the 12 months under an exception to ASX Listing Rule 7.2 other than exception 9, 16 or 17;
- plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within ASX Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue the convertible securities was approved or taken under these rules to have been approved under ASX Listing Rule 7.1 or 7.4;
- plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within ASX Listing Rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - the agreement or issue was approved, or taken under these rules to have been approved under ASX Listing Rule 7.1 or rule 7.4;
- plus the number of any other fully paid ordinary securities that became fully paid in the relevant period
- less the number of fully paid ordinary securities cancelled in the last 12 months

Note that A has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

$$D = 10\%$$

E = the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the last 12 months immediately preceding the date of issue of the shares where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under ASX Listing Rule 7.4

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

(b) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average market price ("VWAP") of Equity Securities in the same class calculated over the 15 trading days immediately before:

- the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the securities; or
- if the Equity Securities are not issued within 10 Trading Days of the date in the paragraph above, the date on which the Equity Securities are issued.

(c) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A commences on the date of the annual general meeting at which the approval is obtained and expires on the first to occur to the following:

- the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- the time and date of the Company's next annual general meeting; or
- the time and date of the approval by shareholders of ordinary securities 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).

(d) Risk of Voting Dilution

If Resolution 6 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. 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.

As at the date of this Notice, the Company would have capacity to issue:

- **21,895,050 (145,967,005 x 15%)** ordinary shares; or
- **14,596,700 (145,967,005 x 10%)** ordinary shares on the basis that Resolution 6 is approved pursuant to ASX Listing Rule 7.1A,

The below table shows examples of possible dilution of existing shareholders, on the basis of the market price of \$0.09 per share on 15 April 2020 and the current number of fully-paid ordinary shares on issue of **145,967,005** as at the date of this Notice pursuant to the definition of variable “A” under ASX Listing Rule 7.1A;

Variable A as per ASX Listing Rule 7.1A2		Dilution		
		\$0.045 50% decrease in issue price	\$0.09 issue price	\$0.18 100% increase in issue price
Current Variable A 145,967,005 shares	10% Voting Dilution	14,596,700 shares	14,596,700 shares	14,596,700 shares
	Funds Raised	\$656,852	\$1,313,703	\$2,627,406
50% Increase in Current Variable A 218,950,507 shares	10% Voting Dilution	21,895,050 shares	21,895,050 shares	21,895,050 shares
	Funds Raised	\$985,277	\$1,970,555	\$3,941,109
100% Increase in Current Variable A 291,934,010 shares	10% Voting Dilution	29,193,401 shares	29,193,401 shares	29,193,401 shares
	Funds Raised	\$1,313,703	\$2,627,406	\$5,254,812

This table has been prepared on the following assumptions:

- All shares have been issued.
- 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 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) Expiry of approval

The Company will only issue and allow the Equity Securities during the 10% Placement Period detailed in paragraph (c).

(f) Purpose of new issues

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. Any funds raised using this additional 10% capacity may be used to grow the business and/or additional working capital to fund 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. In the event Resolution 6 is approved, when the Company issues Equity Securities pursuant to the 10% Placement Facility, it will give to the ASX:

- a list of allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- the information required by Listing Rule 3.10.5A for release to the market.

(g) Allocation Policy

Allocations will be made by the Company dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. Allocations will be made considering, amongst other factors, the following:

- The time frame over which the Company will make placements under the approval;
- any specific intentions in relation to parties that it may approach to participate in a placement of equity securities;
- whether the Company will offer securities to existing security holders or any class or group of existing holders; and
- whether the securities will be offered exclusively to new investors who have not previously been security holders in the Company.

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.

(h) Detail of new issues under Listing Rule 7.1A for previous year

The Company previously obtained approval for its Shareholders pursuant to ASX Listing Rule 7.1A at its Annual General Meeting. The Company has not issued any fully paid ordinary shares. Pursuant to previous approval. During the 12 months period preceding the date of the date of this Annual General Meeting, the subject of this Notice, the Company has not issued any Shares.

(i) Voting Exclusion Statement

A voting exclusion statement is included in the Notice for the purpose of Resolution 6.

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 11.00 am (Sydney Time) on 27 May 2020, being within 48 hours 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 (i.e. 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.

Attendance at the Meeting – Covid-19 Restrictions

The Company advises shareholders that the Meeting will be held in compliance with the Australian Government's restrictions on public gatherings. The Company strongly encourages all shareholders to vote by directed proxy rather than attend the meeting in person. Proxy forms for the Meeting should be lodged before 11am (Sydney time) 27th May 2020.

Should you have any questions regarding the meeting, or wish to withdraw a proxy form you have submitted after considering the attached documents, please contact us on (02) 9251 7177 or email us at corporate@australianbauxite.com.au.

If the above arrangements with respect to the Meeting change, Shareholders will be updated via the ASX Market Announcements Platform and the Company's website <http://www.australianbauxite.com.au/>.



GENERAL MEETING OF SHAREHOLDERS PROXY FORM Please complete, sign and return this document to:

To: AUSTRALIAN BAUXITE LIMITED

Level 2
131 Macquarie Street
SYDNEY NSW 2000

Email executed form to: corporate@australianbauxite.com.au
fax executed form to: +61 2 9251 7500
By 11.00 am on 27 May 2020

I/We.....

being a member of Australian Bauxite Limited (ASX: **ABX**) (the **Company**) appoint the following as my proxy:

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 29 May 2020 and at any adjournment of or postponement of that Meeting.

Your proxy may vote on any procedural motions as your proxy sees fit. A procedural motion is a motion dealing with the conduct of the meeting itself (examples are motions to change the order of business or to adjourn the meeting).

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.

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 – Non-binding resolution to adopt director’s remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Ordinary resolution to elect Mr Paul Lennon as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Ordinary resolution to issue Shares to director Paul Lennon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Ordinary resolution to issue Shares to Director Ian Levy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Ordinary resolution to issue Shares to Director Ken Boundy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Special resolution to approve additional 10% placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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	Member 2	Member 3
Sole Director/Company Secretary	Director	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 their 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 security holder of the Company.
6. Signing instructions:
 - a. Individual: Where the holding is in one name, the security holder must sign.
 - b. Joint Holding: Where the holding is in more than one name, all of the security holders should sign.
 - c. 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.
 - d. 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.
7. Your proxy may vote on any procedural motions as your proxy sees fit. A procedural motion is a motion dealing with the conduct of the meeting itself (examples are motions to change the order of business or to adjourn the meeting).
8. For your vote to be effective, the completed proxy form must be received by 11.00 am on 27 May 2020 (Sydney Time).

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.