



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 Thursday 30 May 2019

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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 30 May 2019.

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 2018.

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 2018 be and is hereby adopted for the purposes of the Corporations Act 2001 (Cth)".

NOTE: this Remuneration Report is set out on pages 14 to 16 of the Directors' Report contained in the 2018 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:

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

3. Election of Directors

Resolution 2: Ordinary resolution to elect Mr Ken Boundy as a Director of the Company

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

"That Ken Boundy, retiring in accordance with Article 49.1.3 of the Company's Constitution, be elected as a Director of the Company".

Note: the qualifications and experience of Mr Boundy are provided in the 2018 Annual Report tabled at this Annual General Meeting.

4. Additional Placement Capacity

Resolution 3: 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 3 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, the Company will not disregard the vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

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

26 April 2019

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 2018.

In addition, shareholders may, at the meeting, ask questions of the auditor in relation to the following matters:

- the conduct of the audit;
- the content of the auditor's report;
- the accounting policies adopted by the Company for the preparation of the financial statements; and
- the auditor's independence in relation to the above items.

Shareholders may view the Company's Annual Financial Report on the Company's website www.australianbauxite.com.au/investors

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 2018 Annual Report and is also available from the Company's website <http://www.australianbauxite.com.au/Media.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 2018 Annual General Meeting.

3. Resolution 2: Election of Directors

Resolution 2 – Election of Mr Ken Boundy as a Director

Mr Ken Boundy retires in accordance with Article 49.1.3 of the Company's Constitution, which provides that one third of the directors automatically retire at the end of each Annual General Meeting of the Company.

Mr Boundy was appointed as a non-executive director of the company on 6 June 2012. Being eligible, Mr Boundy offers himself for re-election.

4. Additional Placement Capacity

Resolution 3 – 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**. This special resolution is put to members so that the Company retains a high level of capital raising flexibility to meet significant opportunity.

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

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

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

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

If Resolution 3 is approved as a special resolution then the Company, within 12 months after shareholder approval, may issue an additional 10% equity securities calculated in accordance with the formula in ASX Listing Rule 7.1A.2 which is as follows

Where

$(A \times D) - E$

A = the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement to issue:

- a) plus the number fully paid ordinary shares issued in the last 12 months under an exception to ASX Listing Rule 7.2;
- b) plus the number of partly paid ordinary shares that became fully paid within the last 12 months;
- c) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of shares under ASX Listing Rule 7.1 and 7.4 (this does not include an issue of fully paid shares under the equity's 15% capacity without shareholder approval);
- d) less the number of fully paid ordinary shares cancelled in the 12 months.

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

D = 10%

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

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

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

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

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

- **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 3 is approved pursuant to ASX Listing Rule 7.1A,
- d) the below table shows examples of possible dilution of existing shareholders, on the basis of the market price of \$0.105 per share on 8 April 2019 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		
		\$0.05 50% decrease in issue price	\$0.105 issue price	\$0.21 100% 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	\$729,835	\$1,532,653	\$3,065,307
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	\$1,094,752	\$2,298,980	\$4,597,960
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	\$1,459,670	\$3,065,307	\$6,130,614

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) shareholder approval of the additional 10% as per ASX Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained. This approval will cease on the earlier to occur of:
- the date that is 12 months after the date of the annual general meeting at which the approval is gained; or
 - the date of the approval by shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2(disposal of main undertaking).
- f) The date by which any equity securities that may be issued by the Company under ASX Listing Rule 7.1A will be no later than 12 months after the date of the annual general meeting
- g) 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.

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

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

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

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

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

- i) The Company has previously obtained approval under ASX Listing Rule 7.1A at the Company's 2018 AGM.
- j) In the preceding 12 months, the Company has issued 1,308,358 fully paid ordinary shares, which represented 0.9% of the securities on issue 12 months ago. The shares were issued following shareholder approval at the Company's 2018 AGM. The shares are fully paid ordinary shares which rank equally in all respects with existing fully paid ordinary shares. The recipients were both directors of the Company, being Paul Lennon (535,236 shares), and Ken Boundy (773,122 shares) who were issued the shares in lieu of cash payment of their directors fees, at an issue price of \$0.1121. The Issue price was determined by a 14 day VWAP (2 April 2018 to 16 April 2018) prior to the finalisation of the Notice of Meeting for the 2018 AGM.
- k) a voting exclusion statement is included in the Notice for the purpose of Resolution 3.

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 7.00 pm (Sydney Time) on 28 May 2019, 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 (ie. a proxy that does not specify how it is to be voted), provided the shareholder who has lodged the proxy has given informed consent, in the form of an express voting direction to the chair to exercise the undirected proxy, even if the resolution is connected with the remuneration of a member of Key Management Personnel (**Informed Consent**).

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

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

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 7:00pm on 28 May 2019

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 30 May 2019 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 **X** 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

ABSTAIN

FOR

AGAINST

Resolution 1 – Non-binding resolution to adopt remuneration report

☐
☐
☐

Resolution 2 – Ordinary resolution to elect Mr Ken Boundy as a director

☐
☐
☐

Resolution 3 – Special resolution to approve additional 10% placement capacity

☐
☐
☐

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 7:00pm on 28 May 2019 (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.