
BAUXITE RESOURCES LIMITED**ACN 119 699 982****NOTICE OF EXTRAORDINARY GENERAL MEETING**

TIME: 10:00am (WST)

DATE: Monday 30 June 2014

PLACE: Conference Room
Garden Office Park
355 Scarborough Beach Road
Osborne Park WA

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9200 8200.

28 May 2014

Dear Shareholder

On 2 May 2014, Bauxite Resources Limited ("BRL" or "the Company") received a letter from Mr Farooq Khan, the Chairman of Scarborough Equities Pty Ltd ("Scarborough"), a company with a 5% shareholding in BRL, requesting Mr Christopher Bruce Ryan be appointed a BRL director. Attached to the letter was a requisition dated 19 May 2014 under section 249D of the Corporations Act ("Requisition") to call a general meeting of shareholders in the event that the Board declined to act on Mr Khan's request to appoint Mr Ryan.

The Company has had dialogue with Mr Khan and his group over the last 6 months or so since becoming a BRL shareholder. Initially, they had requested that Mr Khan be appointed to the Board.

Since receiving Mr Khan's letter of 2 May, the Board has canvassed the other major shareholders of the Company and has ascertained that there was no support amongst them for the appointment of Mr Ryan to the Board.

Accompanying this Notice of Meeting is a statement from Scarborough in support of the proposed resolution and a responsive statement prepared on behalf of the Board which sets out the reasons why the Board does not support the proposed resolution. I encourage all shareholders to read both statements carefully.

The Board recommends that shareholders vote **AGAINST** the proposed Resolution.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'Robert Nash', with a stylized, sweeping flourish at the end.

Robert Nash
Non-Executive Chairman

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Extraordinary General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.00am (WST) on 30 June 2014 at:

Conference Room
Garden Office Park
355 Scarborough Beach Road
Osborne Park WA

YOUR VOTE IS IMPORTANT

The business of the Extraordinary General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Extraordinary General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Bauxite Resources Limited, PO Box 1315, Osborne Park, WA 6916; or
- (b) facsimile to the Company on facsimile number (+61 8) 9200 8299; or
- (c) email to the Company at admin@bauxiteresources.com.au

so that it is received not later than 10:00am (WST) on 28 June 2014.

Proxy Forms received later than this time will be invalid.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that the extraordinary general meeting of Shareholders will be held at 10:00am (WST) on 30 June 2014 at the Conference Room, Garden Office Park, 355 Scarborough Beach Road, Osborne Park, WA.

The Explanatory Statement provides additional information on the matter to be considered at the Extraordinary General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Extraordinary General Meeting are those who are registered Shareholders at 10:00am (WST) on 28 June 2014.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

AGENDA

RESOLUTION 1 – ELECTION OF DIRECTOR – MR CHRISTOPHER BRUCE RYAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 13.3 of the Constitution and for all other purposes, Mr Christopher Bruce Ryan, be elected a Director of the Company."

DATED: 28 MAY 2014

BY ORDER OF THE BOARD



**SAM MIDDLEMAS
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Extraordinary General Meeting to be held at 10:00am (WST) on 30 June 2014 at the Conference Room, Garden Office Park, 355 Scarborough Beach Road, Osborne Park, WA.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

RESOLUTION 1 – ELECTION OF MR CHRISTOPHER BRUCE RYAN AS A DIRECTOR

Scarborough Equities Pty Ltd, a 5% shareholder of BRL has requisitioned this meeting to request the election of Mr Christopher Bruce Ryan as a Director of the Company.

The Board has considered the request and after canvassing the views of major shareholders has determined that they do not support the appointment of Mr Ryan to the Board. Accordingly, the Board advised Scarborough Equities of this fact.

A statement from Mr Ryan is attached as Appendix 1, and a subsequent response from the BRL board is attached as Appendix 2.

The Board recommends **AGAINST** the appointment of Mr Ryan to the board.

ENQUIRIES

Shareholders are requested to contact the Company Secretary on (+ 61 8) 9200 8200 if they have any queries in respect of the matters set out in these documents.

Appendix 1: Statement from Mr Ryan

Statement by Christopher Ryan in relation to the requisition that the shareholders of Bauxite Resources Limited elect me as a director.

On 20 May 2014, Bauxite Resources Limited (**BRL**) announced that Bentley Capital Limited (**Bentley**), a 5% substantial shareholder of BRL and of which company I am a non-executive director, has requisitioned for my election as a director of BRL.

Reasons why my election is in the best interests of BRL shareholders

1. It is my wish to work with the board of BRL, not against it. As a non-executive director, I would serve the best interests of all shareholders, not just those of Bentley.
2. I have been nominated for election as a director by a shareholder with "skin in the game", whose sole objective in relation to BRL is to receive the benefits of a rising BRL share price. In this regard Bentley's interests are completely aligned with the interests of shareholders whose only interest in BRL is to see BRL generate a strong return on their investment.
3. It appears that none of the current directors (other than the Chinese joint venturers which are represented on the board) has invested as much as Bentley in acquiring their shareholdings in BRL.
4. I would work with the board to identify shortcomings and improve the company's performance in the following areas:
 - (a) Reporting to shareholders on the degree and scale of the risks faced by shareholders from the threatened legal action against the Company by shareholders who acquired shares in the October 2009 share placement;
 - (b) Sharpening the focus of BRL's business plan and a timetable for its implementation;
 - (c) Reporting of BRL's business strategy to shareholders and the investment community generally;
 - (d) Assessing the capital needed to implement BRL's business strategy with a view to returning capital in excess of requirements to shareholders;
 - (e) Evaluating opportunities for the sale of a part or all of the company's assets; and
 - (f) Promoting the addition to the BRL board of business men and women with a real contribution to make, in the success of the company.

Some reasons why BRL shareholders would benefit from the board addressing these shortcomings

(a) The threatened litigation

The BRL board appears to have met the regulatory reporting requirements but within that framework, adopted a policy of minimal reporting on this matter. As a consequence, shareholders and investors generally:

- (i) are aware that BRL faces the risk of an adverse outcome from the threatened litigation;
- (ii) have been provided with strong assurances that BRL will vigorously contest the claims; but
- (iii) on the grounds of confidentiality, have been provided with insufficient information to enable a reasonable investor to assess and quantify the risks and the probability an outcome damaging to BRL;

Question: If shareholders have nothing to fear from the threatened litigation, why did the BRL directors "suspend" the on market share buy-back in September 2013?

(b) **BRL's business plan and strategy**

BRL most recently enunciated its strategy in a "Newsletter" dated February 2014. It is stated there that BRL is "well positioned", with "four central strategies under its business plan". A general picture of promise is presented. What is not stated is a timeline. Shareholders have no idea what to expect the company will do by when. **Either the company does not have a timetable to profitability, or it chooses not to tell its shareholders.** Whichever of these is the case, this is unacceptable;

(c) **Capital requirements**

In October 2009, BRL raised \$57 million through a placement of its shares at 95 cents per share. This raising followed investor briefings in Sydney and Melbourne and over the course of 3 days with approximately 65 fund managers and institutions, at which BRL presented a summary of capital required to drive the cash costs in its DSO Operations down, increase its projected shipping tonnages and to conduct a Refinery Bankable Feasibility Study. The summary outlined in the Marketing Presentation released to the market on 8 September 2009 indicated that a range of \$40-\$60m could be used effectively to achieve the reduction in cash costs, increased projected tonnages and towards a Refinery Bankable Feasibility Study.

The notice of meeting of shareholders called to approve the issue of these shares stated that *"the Company intends to use the funds raised from the Placement for Capital items to reduce Direct Shipping Ore cash operating costs, improve product quality, increase shipping capacity through improvements to rail and port infrastructure and to fund a refinery bankable feasibility study."*

BRL reported its cash on hand at 31 December 2009 to be \$61.1 million. At 31 March 2014, cash on hand was reported to be \$42.1 million. Over the seventeen quarters since the placement was made, the Appendix 5B statements filed with the ASX disclose that:

- (i) \$19.2 million has been spent on administration (at the rate of \$4.5 million per annum on average); and
- (ii) \$4.925 million has been paid to directors of BRL for salaries, directors' fees and consulting fees (at the rate of \$1.2 million per annum).

Over that period the market capitalisation of BRL has fallen from \$181.9 million as at 31 December 2009 to \$32.4 million as at 31 March 2014.

These figures are indicative of a company with excess capital wallowing without commercial direction. **The level of expenses must be reduced and the company must sharpen its timeline to commercial development.** The company should also re-define its capital needs and return capital excess requirements to its shareholders.

If I were elected, could I make a difference?

Three of the BRL directors, Messrs Nash, Atkins and Lithgow have been directors since the company was floated in 2008. The Chinese directors change frequently but obviously have an eye on the interests of the Chinese companies they represent. The CEO Mr Canterbury and Mr Sibly fill out the board, at present. The board declined Bentley's request that I be appointed.

To sum up. I would do my very best to enhance the interests of all shareholders.



Christopher Ryan



**Statement by Bauxite Resources Board of Directors
in relation to the requisition that shareholders of the Company vote on the resolution of Mr
Farooq Khan proposed on behalf of Scarborough Equities Pty Ltd, to elect that company's
nominee, Mr Christopher Ryan, as a Director of the Company**

In response to the Statement by Mr Christopher Ryan, supporting his nomination to the Board of Bauxite Resources Limited ("BRL" or "the Company"), the Board provides the following responsive comments.

The Board of BRL, as presently constituted, have significant "skin in the game" with four of the current directors representing shareholdings of 75,820,401, being nearly 33% of the shares in the Company. Further, the CEO's remuneration has significant performance rights which are aligned to creating shareholder value.

As part of the evaluation of the suitability of Mr Ryan to the Board, the existing directors consider it significant that Mr Ryan has no experience in the Bauxite/Alumina/Aluminium industry nor has little or any experience in developing Chinese off-take focussed projects.

With respect to the threatened IMF litigation referred to in Mr Ryan's statement, the Board believes it has made timely and appropriate disclosures which have been guided by our legal advisors taking into account the sensitivities of the legal process and the need to maintain required levels of confidence and legal privilege, especially during the pre-action conferral process that is currently underway. The Company took the decision to suspend the share buyback, which it had put in place in the first half of 2013, after taking advice from its legal advisers. This was done by reference to established corporate governance principles and the need to avoid any perception of a conflict of interest.

The strategy of the Company has been previously enunciated; being the commercialisation of the 100% BRL owned Fortuna deposit and the progression of the two existing joint ventures with Chinese State Owned Enterprises ("SOE's"). Like many exploration juniors with SOE partners, conditions in China over the last two years have led to delay and deferment of funding approvals which has resulted in slower than desired progress in the two joint ventures. Despite that, BRL has been very careful to preserve its rights under the joint venture agreements and is endeavouring to work cooperatively with its Chinese partners to maintain necessary forward momentum.

While there has been a material slowdown across the mining exploration sector over the past two years, BRL and its joint venture partners have grown the resource base from approximately 50 million tonnes in May 2012 to some 380 million tonnes now. This has been achieved through low cost targeted exploration over a significant exploration lease holding. The average cost per tonne of resource is under \$0.10 per tonne which is an enviable achievement.

During the mining industry downturn, most juniors have experienced significant loss in market capitalisation and many have all but stopped development activity. The Board of BRL has remained focussed on the long term demand for bauxite/alumina from China and has continued to build the Company's sizeable resource base to support development as industry negativity is replaced by looming supply shortages, which are now emerging.

The Board believes it has been prudent with expenditure during these difficult times and has reduced expenditure significantly since late 2012 following a cost review.

Mr Ryan's quoting of figures with respect to cash spent on administration, in comparison to exploration, do not give an accurate picture, given a significant portion of the JV costs are classified as Administration on consolidation.

Since the commencement of our new CEO a year ago, the Company has worked on defining the 100% BRL owned Fortuna Deposit, has undertaken environmental constraints studies, and commenced ancillary studies to support the commercialisation of the Fortuna resource. It is not presently possible to set a firm timeline to development, albeit indicative "target" timelines to development have been communicated but these remain very much subject to the required regulatory approvals. The Company's policy has been to be prudent and careful in its approach.

The Board continually assesses the performance and skills of its directors. The recruitment of the CEO was specifically targeted to enhance the bauxite/alumina project development requirement of the Company and also exposure to Chinese enterprises.

The Board currently consists of 7 members who, as indicated above, collectively represent about 33% of the Company's shares on issue. This is a large Board for a company of BRL's size, and there is a good diversity of experience on the Board, including significant bauxite and alumina experience, legal, commercial and financial skills. The view of the Board is that Mr Ryan would not significantly add to the existing skill set of the Board

The Board has canvassed other major shareholders of the Company and has ascertained that there is no support amongst them for the appointment of Mr Ryan to the Board.

The Board recommends that shareholders vote **AGAINST** the proposed resolution to appoint Christopher Ryan to the Board of Directors.

GLOSSARY

\$ means Australian dollars.

Extraordinary General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Company or **BRL** means Bauxite Resources Limited (ACN 119 699 982).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Notice or **Notice of Meeting** or **Notice of Extraordinary General Meeting** means this notice of extraordinary general meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

PROXY FORM

**APPOINTMENT OF PROXY
BAUXITE RESOURCES LIMITED
ACN 119 699 982**

EXTRAORDINARY GENERAL MEETING

I/We

of

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

Appoint

Name of proxy

OR

☐

the Chair of the Extraordinary General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Extraordinary General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Extraordinary General Meeting to be held at 10:00am (WST), on 30 June 2014 at the Conference Room, Garden Office Park, 355 Scarborough Beach Road, Osborne Park, WA, and at any adjournment thereof.

If no directions are given in relation to Resolution 1, the Chair intends to vote in against the Resolution.

Voting on Business of the Extraordinary General Meeting

FOR AGAINST ABSTAIN

Resolution 1 – Election of Director – Mr Christopher Bruce Ryan

☐☐☐

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

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

Signature of Member(s):

Date: _____

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

BAUXITE RESOURCES LIMITED
ACN 119 699 982

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A member entitled to attend and vote at the Extraordinary 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. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Extraordinary General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Extraordinary 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 Extraordinary General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Bauxite Resources Limited, PO Box 1315, Osborne Park, WA 6916; or
 - (b) facsimile to the Company on facsimile number (+61 8) 9200 8299; or
 - (c) email to the Company at sam.middlemas@bauxiteresources.com.au

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy forms received later than this time will be invalid.