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

TIME: 10:00 am (WST)

DATE: Friday 7 November 2014

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

Free parking is available for 2 hours under the building. Cars enter from Scarborough Beach Road.

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.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00am (WST) on 7 November 2014 at:

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

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

To vote in person, attend the Annual 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 1800, Osborne Park, DC WA 6916; or
- (b) facsimile to the Company on facsimile number (+61 8) 9200 6399; or
- (c) email to the Company at smiddlemas@bauxiteresources.com.au,

so that it is received not later than 4:00 pm (WST) on 5 November 2014.

Proxy Forms received later than this time will be invalid.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and

- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE ANNUAL GENERAL MEETING

Notice is given that the annual general meeting of Shareholders will be held at 10:00am (WST) on 7 November 2014 at the Conference Room, The Garden Office Park, 355 Scarborough Beach Road, Osborne Park, WA.

The Explanatory Statement provides additional information on matters to be considered at the Annual 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 Annual General Meeting are those who are registered Shareholders at 4:00 pm (WST) on 5 November 2014.

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

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2014.”

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR NEIL LITHGOW

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 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Neil Lithgow, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

3. RESOLUTION 3 – ELECTION OF DIRECTOR – MR CUNLIANG LAI

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 13.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Cunliang Lai, a Director who was appointed casually on 7 March 2014 retires, and being eligible, is elected as a Director.”

4. RESOLUTION 4 – ELECTION OF DIRECTOR – DR ZHAOZHONG WANG

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 13.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Dr Zhaozhong Wang, a Director who was appointed casually on 31 March 2014, retires, and being eligible, is elected as a Director.”

5. RESOLUTION 5 – AMENDMENT TO THE TERMS OF RELATED PARTY PERFORMANCE RIGHTS HELD BY MR PETER CANTERBURY

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

“That, for the purposes of ASX Listing Rule 6.23.4 and for all other purposes, approval is given for the Proposed Amendment to the terms and conditions of the 6,000,000 Related Party Performance Rights held by Mr Peter Canterbury, in the manner set out in the Explanatory Statement.”

<p>Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Peter Canterbury and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.</p>

DATED: 5 OCTOBER 2014

BY ORDER OF THE BOARD



**MR SAM MIDDLEMAS
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.bauxiteresources.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, there is no requirement for a Spill Resolution for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directed	Undirected
Key Management Personnel ¹	Voted	Not voted ³
Chair ²	Voted	Voted at discretion of Proxy ⁴
Other	Voted	Voted at discretion of Proxy

Notes:

1. Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.
2. Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).
3. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.
4. The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR NEIL LITHGOW

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer.

Clause 13.2 of the Constitution provides that:

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a managing director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;
- (b) the Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;

- (c) a Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election; and
- (d) in determining the number of Directors to retire, no account is to be taken of:
 - (A) a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and
 - (B) a managing director,

each of whom are exempt from retirement by rotation. However, if more than one managing director has been appointed by the Directors, only one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

The Company currently has 7 Directors, of which 2 have been appointed casually under clause 13.4 of the Constitution, and accordingly 2 must retire.

Mr John Sibly, the Director longest in office since his last election, retires by rotation and advises that he will not seek re-election.

Mr Neil Lithgow is the other longest serving Director, having been in office since his last election on 30 November 2012, retires by rotation and seeks re-election.

Details of Mr Neil Lithgow are as follows:

Neil Lithgow, MSc, FFin, MAusIMM (Non Executive Director)

Mr Lithgow is a geologist by profession with over 20 years experience in mineral exploration, economics and mining feasibility studies covering base metals, coal, iron ore and gold. Mr Lithgow has previously worked for Aquila Resources Limited, Eagle Mining Corporation and De Grey Mining Limited.

Mr Lithgow is a non-executive director of Aspire Mining Limited (12 February 2010 to current) and he is a member of the Australian Institute of Mining and Metallurgy and the Financial Services Institute of Australia.

Mr Lithgow joined the board before the Company listed in 2008, and was one of the founding directors.

The Board has considered Mr Lithgow's substantial shareholding and as a consequence does not consider him to be an independent Director.

The Directors, other than Mr Lithgow, support the re-election of Mr Lithgow and recommend that Shareholders vote in favour of Resolution 2.

4. RESOLUTIONS 3 TO 4 – ELECTION OF DIRECTOR – MESSRS CUNLIANG LAI AND DR ZHAOZHONG WANG

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 13.4 of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following general meeting and is

then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Cunlaing Lai, having been appointed on 7 March 2014, and Dr Zhaozhong Wang, having been appointed on 31 March 2014, will retire in accordance with clause 13.4 of the Constitution and ASX Listing Rule 14.4 and being eligible, seek election from Shareholders.

Details of each of these Directors are listed below:

Cunliang Lai, (Non Executive Director - Appointed 7 March 2014)

Mr Lai is the representative from the Company's substantial shareholder, Yankuang Group Corporation ("Yankuang Group"). Mr Lai is a senior engineer, a researcher in engineering technology application with a Doctorate in Engineering and an Executive Masters in Business Administration. He has been named as one of China National's Top-Ten Coal Mine Managers, China National Coal Industry's Top-100 Achievers and a Shandong Provincial Youth-and-Middle-Aged Specialist for Outstanding Contributions.

Mr Lai has more than 20 years of experience in coal mine management and holds the position of Deputy General Manager of Yanzhou Coal Mining Company Limited and is a Director of the Australian ASX Listed Yancoal Australia Ltd (26 June 2012 to current). He is a graduate of Nankai University and Coal Science Research Institute.

The Board has considered that as Mr Lai represents a substantial shareholder then he is not considered to be an independent Director.

The Directors, other than Mr Lai, support the re-election of Mr Lai and recommend that Shareholders vote in favour of Resolution 3.

Zhaozhong Wang, (Non Executive Director - Appointed 31 March 2014)

Mr Wang is the representative from the Company's substantial shareholder, HD Mining & Investments Pty Ltd ("HD Mining"). Mr Wang was recently appointed the managing director of HD Mining which is a subsidiary of Shandong No1 Geo-mineral Exploration Institute at the Shandong Bureau of Geology in China and is based in Perth, Western Australia.

He is a qualified senior geologist who graduated from the Geological Science Institute of Shandong Jianzhu University in June 1991. He has been involved in geological exploration and survey and was previously in charge of the following Chinese projects: Pingdu Hill Gold, Dawenkou Mazhuang county Gypsum Project, Shandong Longkou Liangjia Coal Project and Laizhou Sanshan Island Gold Project.

He has accumulated geological experience in the Chinese mining industry including gold, copper, coal, iron, gypsum and bauxite.

The Board has considered that as Mr Wang represents a substantial shareholder then he is not considered to be an independent Director.

The Directors, other than Mr Wang, support the re-election of Mr Wang and recommend that Shareholders vote in favour of Resolution 4.

5. RESOLUTION 5 – AMENDMENT TO THE TERMS OF RELATED PARTY PERFORMANCE RIGHTS HELD BY MR PETER CANTERBURY

5.1 Background

As part of its employee long term incentive arrangements, on 14 November 2013 Bauxite Resources awarded Mr Peter Canterbury, who is the Chief Executive Officer and a Director of the Company, 6,000,000 performance rights (**Related Party Performance Rights**), which were approved by Shareholders at the Company's 2013 annual general meeting.

The Related Party Performance Rights were issued to Mr Canterbury pursuant to the terms of Mr Canterbury's employment contract to provide further incentive to perform and secure the ongoing commitment of Mr Canterbury to the continued growth of the Company.

A Related Party Performance Right is a right to receive a Share at a future date, subject to a number of market capitalisation based performance criteria which must be met prior to any conversion into Shares.

If the performance criteria are achieved, the Related Party Performance Rights vest and the holder automatically receives Shares for nil consideration.

In accordance with Shareholder approval obtained at the Company's general meeting held on 29 August 2014, the Company has undertaken a return of capital of 4 cents per Share. The return of capital has reduced the cash position of the Company by \$9.275 million which in turn has impacted on the ability of Mr Canterbury to achieve the performance criteria set out in the terms of the Related Party Performance Rights.

5.2 Summary of material terms of the Related Party Performance Rights

Mr Canterbury was granted three classes of Performance Rights, which will vest as follows:

- (a) 2,000,000 Class 'A' Performance Rights will vest as one Share for each Related Party Performance Right subject to satisfaction of the following performance criteria within 24 months:
 - (i) the Company's market capitalisation averaging over a period of 60 consecutive days of trading a daily average of not less than \$50,000,000; and
 - (ii) completing 12 months of continuous employment with the Company;
- (b) 2,000,000 Class 'B' Performance Rights will vest as one Share for each Related Party Performance Right subject to satisfaction of the following performance criteria within 36 months:
 - (i) the Company's market capitalisation averaging over a period of 60 consecutive days of trading a daily average of not less than \$70,000,000; and
 - (ii) completing 24 months of continuous employment with the Company; and

- (c) 2,000,000 Class 'C' Performance Rights will vest as one Share for each Related Party Performance Right subject to satisfaction of the following performance criteria within 48 months:
- (i) the Company's market capitalisation averaging over a period of 60 consecutive days of trading a daily average of not less than \$90,000,000; and
 - (ii) completing 36 months of continuous employment with the Company.

As at the date of this Notice of Meeting none of the Related Party Performance Rights have vested.

The terms of the Related Party Performance Rights awarded to Mr Canterbury include the following term:

“(Share Buy-back/ Capital Return): In the event that there is a share buy-back or capital return to Shareholders undertaken by the Company which has a material impact on the Company's market capitalisation and upon the achievability of the performance criteria in respect of the respective Related Party Performance Rights (as set out in section 5.2 above), the parties will agree on a pro rata adjustment of the market capitalisation targets required to be met as part of the performance criteria. Any such changes to the performance criteria of the Related Party Performance Rights will be subject to Shareholder approval and any other restrictions imposed by ASX.”

5.3 Proposed Amendment

The Company is proposing to amend the terms of the Related Party Performance Rights, subject to Shareholder approval under Resolution 5, to adjust the performance criteria set out in the terms of Mr Canterbury's Related Party Performance Rights to reduce the market capitalisation targets by a pro rata of the 5 day volume weighted average price (**VWAP**) of Shares immediately prior to the return of capital and the 5 day VWAP of Shares immediately following completion of the return of capital.

Accordingly, the Company is proposing to amend the performance criteria of Mr Canterbury's Related Party Performance Rights as follows (**Proposed Amendments**):

- (a) 2,000,000 Class 'A' Performance Rights will vest as one Share for each Related Party Performance Right subject to satisfaction of the following performance criteria within 24 months:
- (i) the Company's market capitalisation averaging over a period of 60 consecutive days of trading a daily average of not less than \$38,970,000; and
 - (ii) completing 12 months of continuous employment with the Company.
- (b) 2,000,000 Class 'B' Performance Rights will vest as one Share for each Related Party Performance Right subject to satisfaction of the following performance criteria within 36 months:

- (i) the Company's market capitalisation averaging over a period of 60 consecutive days of trading a daily average of not less than \$54,560,000; and
 - (ii) completing 24 months of continuous employment with the Company; and
- (c) 2,000,000 Class 'C' Performance Rights will vest as one Share for each Related Party Performance Right subject to satisfaction of the following performance criteria within 48 months:
 - (i) the Company's market capitalisation averaging over a period of 60 consecutive days of trading a daily average of not less than \$70,150,000; and
 - (ii) completing 36 months of continuous employment with the Company.

All other terms of Mr Canterbury's Related Party Performance Rights will remain the same including the number of Related Party Performance Rights awarded.

Prior to the return of capital, which was completed on 2 September 2014, the Chairman and Mr Canterbury agreed to amend the terms of the Related Party Performance Rights in accordance with the Proposed Amendments, subject to the receipt of Shareholder approval.

If the Proposed Amendments to the terms and conditions of the Related Party Performance Rights are approved by Shareholders in relation to Resolution 5, the new terms of the Related Party Performance Rights issued to Mr Canterbury, will be as set out in Schedule 1 of this Notice of Meeting. Schedule 1 contains the proposed amended terms of the Related Party Performance Rights approved by Shareholders at the Company's 2013 notice of annual general meeting.

5.4 ASX Listing Rule 6.23.4

ASX treats performance rights as options for the purposes of compliance with Chapter 6 of the ASX Listing Rules.

ASX Listing Rule 6.23.4 provides that a change to the Related Party Performance Rights which is not permitted under ASX Listing Rule 6.23.3 (being a change which has the effect of reducing the exercise price, increasing the period for exercise or increasing the number of securities received on exercise) can only be made with Shareholder approval (unless an ASX waiver is obtained).

The Proposed Amendments are not prohibited by ASX Listing Rule 6.23.3.

Accordingly, Shareholder approval, in accordance with ASX Listing Rule 6.24.4, is being sought for the Proposed Amendments pursuant to Resolution 5.

GLOSSARY

\$ means Australian dollars.

Annual 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.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or **Bauxite Resources** 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.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

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

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2014.

Resolutions means the resolutions set out in the Notice, 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.

Vacating Directors means the Directors who were directors of the Company when the resolution to make the directors' report considered at the last annual general meeting of the Company was passed, other than the managing director at that time.

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

SCHEDULE 1 – SUMMARY OF THE RELATED PARTY PERFORMANCE RIGHTS ISSUED TO PETER CANTERBURY ON 14 NOVEMBER 2013, INCORPORATING PROPOSED AMENDMENTS PURSUANT TO RESOLUTION 5

A summary of the terms and conditions of the Related Party Performance Rights is set out below:

- (a) **(Vesting Conditions):** The Related Party Performance Rights shall vest as follows:
- (i) 2,000,000 Class 'A' Performance Rights will vest as one Share for each Performance Right as subject to satisfaction of the following performance criteria within 24 months:
 - (A) the Company's market capitalisation averaging over a period of 60 consecutive days of trading a daily average of not less than \$38,970,000; and
 - (B) completing 12 months of continuous employment with the Company,

(Class 'A' Performance Rights);
 - (ii) 2,000,000 Class 'B' Performance Rights will vest as one Share for each Performance Right subject to satisfaction of the following performance criteria within 36 months:
 - (A) the Company's market capitalisation averaging over a period of 60 consecutive days of trading a daily average of not less than \$54,560,000; and
 - (B) completing 24 months of continuous employment with the Company,

(Class 'B' Performance Rights); and
 - (iii) 2,000,000 Class 'C' Performance Rights will vest as one Share for each Performance Right subject to satisfaction of the following performance criteria within 48 months:
 - (A) the Company's market capitalisation averaging over a period of 60 consecutive days of trading a daily average of not less than \$70,150,000; and
 - (B) completing 36 months of continuous employment with the Company,

(Class 'C' Performance Rights).
- (b) **(Vesting):** On satisfaction of the relevant performance criteria, the holder will be entitled to give notice to the Company Secretary in writing that the relevant Related Party Performance Rights have vested, provided that the holder remains employee by the Company at the time of giving such notice (**Vested Performance Rights**) and the Company shall, unless otherwise directed by the holder, issue the associated number of Shares within 10 Business Days of receipt of such notice.

- (c) **(Consideration)**: The Related Party Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Related Party Performance Rights.
- (d) **(Share ranking)**: All Shares issued upon the vesting of Related Party Performance Rights will upon issue rank pari passu in all respects with other Shares.
- (e) **(Listing of Shares on ASX)**: The Company will not apply for quotation of the Related Party Performance Rights on ASX. However, the Company will apply for quotation of all Shares issued pursuant to the vesting of Related Party Performance Rights on ASX within the period required by ASX.
- (f) **(Dividend and Voting Rights)**: the Related Parties are not entitled to vote or to receive dividends as a result of their holding Related Party Performance Rights.
- (g) **(Share Buy-back/ Capital Return)**: In the event that there is a share buy-back or capital return to Shareholders undertaken by the Company which has a material impact on the Company's market capitalisation and upon the achievability of the performance criteria in respect of the respective Related Party Performance Rights, set out in paragraph (a) above, the parties will agree on a pro rata adjustment of the market capitalisation targets required to be met as part of the performance criteria. Any such changes to the performance criteria of the Related Party Performance Rights will be subject to Shareholder approval and any other restrictions imposed by ASX.
- (h) **(Participation in new issues)**: There are no participation rights or entitlements inherent in the Related Party Performance Rights and holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Related Party Performance Rights without exercising the Related Party Performance Rights.
- (i) **(Reorganisation of capital)**: If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of the holder of the Related Party Performance Rights are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (j) **(Change of control)**: In the event that there is a Change of Control Event which occurs as a direct consequence of a decision of the Board to procure or seek a change of control of the Company, the holder will be entitled within 60 days of the happening of such Change of Control Event to call on the Company (which call the Company will be obliged to meet) either, at the holder's election:
 - (i) Issue the holder with Shares in respect of those Related Party Performance Rights that have not already vested or expired as at the date of the Change of Control Event in the same number as the holder would have been entitled to had the holder met the performance criteria applicable to those Related Party Performance Rights; or
 - (ii) pay to the holder a sum equal to the market value of the Shares that the holder would have received had the holder met the performance criteria applicable to the Related Party Performance Rights, referred to in (i) above, which market value shall be assessed by reference to the higher of the 30 day daily closing price trading average of the Company's Shares immediately preceding the occurrence of the Change of Control Event and the consideration payable per Share under the Change of Control Event.

Change of Control Event means a change in ownership of the Company occurs when:

- (a) any one person or more than one person acting as a group acquires ownership of stock of the Company that constitutes more than 50% of the total fair market value or total voting power of the stock of the Company; or
- (b) a merger of two companies.

ANNUAL GENERAL MEETING

I/We

of

being a Shareholder entitled to attend and vote at the Meeting, hereby

appoint

Name of proxy

OR:

the Chair of the Meeting as my/our proxy,

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:00am (WST), on Friday 7th November 2014 at Conference Room, Garden Office Park, 355 Scarborough Beach Road, Osborne Park, Western Australia, and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-Election of Director – Mr Neil Lithgow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Director – Mr Cunliang Lai	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of Director – Dr Zhaozhong Wang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Amendment to the Terms of Related Party Performance Rights Held by Mr Peter Canterbury	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 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 Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail in relation to this Proxy Form: YES NO

Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. 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 Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders 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 Proxy 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. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) Bauxite Resources Limited, PO Box 1800, Osborne Park, DC WA 6916; or
 - (b) facsimile to the Company on facsimile number +61 8 9200 6399; or
 - (c) email to the Company at admin@bauxiteresources.com.au,

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

Proxy Forms received later than this time will be invalid.