
BAUXITE RESOURCES LIMITED

ACN 119 699 982

NOTICE OF ANNUAL GENERAL MEETING

TIME: 11.30am (WST)

DATE: Friday 10th November 2017

PLACE: Suite 10, 295 Rokeby Road
Subiaco WA 6008

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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BUSINESS OF THE ANNUAL GENERAL MEETING

Notice is given that the annual general meeting of Shareholders will be held at 11.30am (WST) on 10th November 2017 at Suite 10, 295 Rokeby Road, SUBIACO, 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 5:00pm (WST) on 8 November 2017.

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 2017 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 2017.”

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

3. RESOLUTION 3 – ADOPTION OF PERFORMANCE RIGHTS PLAN

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

“That, for the purpose of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt the Performance Rights Plan on the terms and conditions summarised in the accompanying Explanatory Statement and to issue Performance Rights from time to time under the Performance Rights Plan.”

<p>Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if 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, if 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>

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

4. RESOLUTION 4 – ISSUE OF RELATED PARTY PERFORMANCE RIGHTS TO MR ROBERT NASH (OR NOMINEE)

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

“That, subject to the passing of Resolution 3, for the purposes of ASX Listing Rule 10.14 and Sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 2,000,000 Related Party Performance Rights to Mr Robert Nash (or his nominee) under the Company’s Performance Rights Plan on the terms and conditions set out in the Explanatory Statement”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought (or their nominee), and any of their associates(**Resolution 4 Excluded Party**). 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, provided the Chair is not a Resolution 4 Excluded Party, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

5. RESOLUTION 5 – ISSUE OF RELATED PARTY PERFORMANCE RIGHTS TO MR LUKE ATKINS (OR NOMINEE)

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

“That, subject to the passing of Resolution 3, for the purposes of ASX Listing Rule 10.14 and Sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 4,000,000 Related Party Performance Rights to Mr Luke Atkins (or his nominee) under the Company’s Performance Rights Plan on the terms and conditions set out in the Explanatory Statement”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought (or their nominee), and any of their associates(**Resolution 5 Excluded Party**). 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, provided the Chair is not a Resolution 5 Excluded Party, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and

- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. RESOLUTION 6 – ISSUE OF RELATED PARTY PERFORMANCE RIGHTS TO MR NEIL LITHGOW (OR NOMINEE)

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

“That, subject to the passing of Resolution 3, for the purposes of ASX Listing Rule 10.14 and Sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 2,000,000 Related Party Performance Rights to Mr Neil Lithgow (or his Nominee) under the Company’s Performance Rights Plan on the terms and conditions set out in the Explanatory Statement”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought (or their nominee), and any of their associates (**Resolution 6 Excluded Party**). 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, provided the Chair is not a Resolution 6 Excluded Party, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel; or
- (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. RESOLUTION 7 – ISSUE OF RELATED PARTY PERFORMANCE RIGHTS TO MR ZHAOZHONG WANG (OR NOMINEE)

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

“That, subject to the passing of Resolution 3, for the purposes of ASX Listing Rule 10.14 and Sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 2,000,000

Related Party Performance Rights to Mr Zhaozhong Wang (or his nominee) under the Company's Performance Rights Plan on the terms and conditions set out in the Explanatory Statement"

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought (or their nominee), and any of their associates (**Resolution 7 Excluded Party**). 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, provided the Chair is not a Resolution 7 Excluded Party, 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

DATED: 01 OCTOBER 2017

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 2017 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

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 ZHAOZHONG WANG

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:
 - (i) a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and
 - (ii) 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 4 Directors, and accordingly 1 must retire.

Mr Zhaozhong Wang, the Director longest in office since his last election, retires by rotation and seeks re-election.

Details of Mr Wang are as follows:

Zhaozhong Wang, (Non Executive Director)

Mr Wang is the representative from the Company's substantial shareholder, HD Mining & Investments Pty Ltd ("HD Mining"). Mr Wang is 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.

4. RESOLUTION 3 – ADOPTION OF PERFORMANCE RIGHTS PLAN

Resolution 3 seeks Shareholders approval for the adoption of the employee incentive scheme titled Performance Rights Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1, which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to issue Performance Rights under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholder should note that no Performance Rights have previously been issued under the Plan. However, pursuant to Resolutions 4 to 7, the Company is seeking Shareholder approval to issue Related Party Performance Rights to the Directors of the Company.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Performance Rights under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Performance Rights under the Plan to a related party or a person whose relationship with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out in Schedule 1. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary.

Shareholders are invited to contact the Company if they have any queries or concerns.

5. RESOLUTIONS 4-7 – ISSUE OF RELATED PARTY PERFORMANCE RIGHTS TO DIRECTORS

5.1 General

The Company has agreed, subject to Shareholder approval, to issue a maximum of 10,000,000 performance rights (**Related Party Performance Rights**) to each of the Directors (or their respective nominees) on the terms and conditions set out below.

The Related Party Performance Rights are to be issued to the Directors to provide an incentive to perform and secure the ongoing commitment of the board to the continued growth of the Company.

Director	Tranche 1	Tranche 2	Tranche 3	Total
Resolution 4: Mr Robert Nash (Non Executive Chairman)	666,666	666,667	666,667	2,000,000
Resolution 5: Mr Luke Atkins (Non Executive Director)	1,333,333	1,333,333	1,333,334	4,000,000
Resolution 6: Mr Neil Lithgow (Non Executive Director)	666,666	666,667	666,667	2,000,000
Resolution 7: Mr Zhaozhong Wang (Non Executive Director)	666,666	666,667	666,667	2,000,000
Total	3,333,331	3,333,334	3,333,335	10,000,000

The Related Party Performance Rights will be issued under the Plan (subject to Shareholder approval of Resolution 3) but will not be issued in reliance of ASIC Class Order 14/1000 *Employee incentive schemes: Listed bodies*.

No disclosure document is required to be issued to the recipients of the Related Party Performance Rights as the offer is exempt under section 708(12) of the Corporations Act.

5.2 Chapter 2E of the Corporations Act and ASX Listing Rule 10.14

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) 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.

The issue of the Related Party Performance Rights requires the Company to obtain Shareholder approval because this constitutes giving a financial benefit and Messrs Nash, Atkins, Lithgow and Wang are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.15B do not apply in the current circumstances.

Accordingly, Shareholder approval is sought for the grant of the Incentive Securities to the Related Parties.

5.3 Summary of material terms of the Related Party Performance Rights

It is proposed that the Directors be granted three classes of Performance Rights as set out below, for nil consideration.

The Related Party Performance Rights will vest as follows:

- (a) 3,333,331 Tranche 1 Related Party Performance Rights will vest subject to satisfaction of the following performance criteria, on the date which is 18 months from the date Shareholder approval is received for Resolutions 4 to 7 (**T1 Expiry Date**):
 - (i) the 10 day VWAP of the Company's Shares is, on the T1 Expiry Date, 50% higher than the Share price on the date Shareholder approval is received for Resolutions 4 to 7 .
- (b) 3,333,334 Tranche 2 Related Party Performance Rights will vest subject to satisfaction of the following performance criteria, on the date which is 24 months from the date Shareholder approval is received for Resolutions 4 to 7 (**T2 Expiry Date**):
 - (i) the 10 day VWAP of the Company's Shares is, on the T2 Expiry Date, 75% higher than the Share price on the date Shareholder approval is received for Resolutions 4 to 7.
- (c) 3,333,335 Tranche 3 Related Party Performance Rights will vest subject to satisfaction of the following performance criteria, on the date which is 36 months from the date Shareholder approval is received for Resolutions 4 to 7 (**T3 Expiry Date**):
 - (i) the 10 day VWAP of the Company's Shares is, on the T3 Expiry Date, 100% higher than the Share price on the date Shareholder approval is received for Resolutions 4 to 7.

(Vesting Conditions).

If the relevant Vesting Conditions are satisfied, the vesting of the Related Party Performance Rights will occur subject to the terms of the Plan. The Related Party Performance Rights lapse if and to the extent the Vesting Conditions are not met.

Each Related Party Performance Right, once vested, entitles the holder to be issued one Share.

A full summary of the terms and conditions attaching to the Related Party Performance Rights is set out in Schedule 2.

5.4 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rules 10.15A)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.15A, the following information is provided in relation to the proposed grant of the Related Party Performance Rights:

- (a) Messrs Nash, Atkins, Lithgow and Wang are related parties of the Company by virtue of being Directors;
- (b) participation in the Plan is open to the parties detailed in paragraph (a) of Schedule 1, which includes all current Directors, being Messrs Robert Nash, Luke Atkins, Neil Lithgow and Zhaozhong Wang;;

- (c) the maximum number of Related Party Performance Rights (being the nature of the financial benefit being provided) to be granted to the Directors is 10,000,000 Related Party Performance Rights, as set out in section 5.1 above;
- (d) the Related Party Performance Rights will be granted to the Directors no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules);
- (e) the Related Party Performance Rights will be granted for nil cash consideration and no consideration will be payable upon the vesting of the Related Party Performance Rights on the achievement of the specified performance criteria. Accordingly, no loans will be made in relation to, and no funds will be raised from the issue or the vesting of the Related Party Performance Rights;
- (f) no securities have previously been issued under the Plan nor has the Plan previously been adopted by Shareholders;
- (g) the terms and conditions of the Related Party Performance Rights are set out in Schedule 2. The Shares to be issued upon vesting of the Related Party Performance Rights shall rank pari passu with existing Shares;
- (h) the value of the Related Party Performance Rights, being the financial benefit being given to the Directors, and the pricing methodology is set out in Schedule 3;
- (i) the Directors have a relevant interest at the date of this Notice of Meeting in the following Shares;

	Number of Shares
Mr Robert Nash (Non Executive Chairman)	330,000
Mr Luke Atkins (Non Executive Director)	20,215,767
Mr Neil Lithgow (Non Executive Director)	19,366,666
Mr Zhaozhong Wang (Non Executive Director)	0

- (j) the remuneration and emoluments from the Company to the Directors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

	Current Financial Year	Previous Financial Year
Mr Robert Nash (Non Executive Chairman)	\$76,650	\$76,650
Mr Luke Atkins (Non Executive Director)	\$331,300	\$198,300
Mr Neil Lithgow (Non Executive Director)	\$43,800	\$43,800
Mr Zhaozhong Wang (Non Executive Director)	\$20,000	\$20,000

- (k) if the Vesting Conditions are fully satisfied and all vested Related Party Performance Rights are exercised, a total of 10,000,000 Shares would be issued. This will increase the number of Shares on issue from 214,422,336 to 224,422,336 (assuming there are no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 4.5% comprising 0.9% by Mr Nash, 1.8% by Mr Atkins, 0.9% by Mr Lithgow and 0.9% by Mr Wang;

- (l) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price (\$)	Date
Highest	\$0.077	15 February 2017
Lowest	\$0.058	12, 13, 16, 17 and 18 October 2016
Last	\$0.72	3 October 2017

- (m) the primary purpose of the grant of Related Party Performance Rights to the Directors is to provide a performance linked incentive component in the remuneration package to motivate and reward the performance of achieving specified vesting conditions within a specified period. The Board considers this issue to be a cost effective remuneration practice and reasonable given the Vesting Conditions will align the interests of Directors with those of Shareholders. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Rights upon the terms proposed;
- (n) details of any securities issued under the Plan will be published in each annual report of the Company relating to a period in which securities have been issued and the report will state the approval for the issue of those securities was obtained under ASX Listing Rule 10.14; and
- (o) any additional persons who become entitled to participate in the Plan after the Resolution is approved and who are not named in the Notice will not participate until approval is obtained under ASX Listing Rule 10.14.

5.5 Directors' Recommendation

As all Directors have an interest in the Resolutions, no directors are able to give a recommendation.

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 4-7.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Performance Rights as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Related Party Performance Rights will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

GLOSSARY

\$ means Australian dollars.

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

ASIC means the Australian Securities and Investments Commission.

Associated Body Corporate means:

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

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.

Group Company means the Company or any Associated Body Corporate.

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.

Plan means the employee incentive scheme titled Bauxite Resources Limited Performance Rights Plan to be adopted pursuant to Resolution 3 as summarised in Schedule 1.

Proxy Form means the proxy form accompanying the Notice.

Related Party Performance Right means a performance right granted pursuant the Plan with the terms and conditions set out in Schedule 2.

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 2017.

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.

VWAP means the volume weighted average price of the Company's Shares as traded on the ASX.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS PLAN

The following is a summary of the key terms and conditions of the Performance Rights Plan to be adopted by Shareholders under Resolution 3:

- (a) **Eligibility:** Participants in the Performance Rights Plan may be:
- (i) a Director (whether executive or non-executive) of the Company or any associate Group Company;
 - (ii) a full or part time employee of any Group Company;
 - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (Class Order); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Performance Rights under the Option Plan (Eligible Participants).
- (b) **Offers:** The Board may, from time to time, at its absolute discretion, make an offer to grant Performance Rights to an Eligible Participant under the Performance Rights Plan and on such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Options offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Consideration:** Performance Rights granted under the Plan will be issued for nil cash consideration.
- (e) **Performance Rights:** Each Performance Right, once vested, entitles the holder, on exercise, to the issue of one fully paid ordinary share in the capital of the Company (**Share**).
- (f) **Not transferrable:** Performance Rights are only transferrable with the prior written consent of the Board of the Company or by force of law upon death to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (g) **Vesting Conditions:** The Board will determine the vesting conditions (if any) that must be satisfied before a Performance Right vests, and the date by which a vesting condition must be satisfied (**Vesting Condition**).
- (h) **Vesting:** A Performance Right will vest where Vesting Conditions are satisfied or where, despite Vesting Conditions not being satisfied, the Board (in its absolute discretion) resolves that unvested Performance Rights have vested as a result of:

- (i) the participant ceasing to be an Eligible Participant due to certain special circumstances (eg due to death, severe financial hardship, total and permanent disability, retirement or redundancy) as set out in the Plan; or
 - (ii) the Company undergoing a change of control; or
 - (iii) the Company being wound up.
- (i) **Exercise of vested Performance Right:** Unless the Board decides otherwise, any vested Performance Right may be exercised within 60 days of becoming vested, following which the Company will issue the participant with the applicable number of Shares.
- (j) **Shares:** Shares resulting from the vesting of the Performance Rights shall, from the date of issue, rank on equal terms with all other Shares on issue.
- (k) **Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Performance Rights, that a restriction period will apply to some or all of the Shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Performance Rights (**Restriction Period**).
- (l) **Quotation of Shares:** If Shares of the same class as those issued under the Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends.
- (m) **Lapse of a Performance Right:** Subject to the terms of an Offer otherwise providing, a Performance Right will lapse upon the earlier to occur of:
- (i) an unauthorised dealing in, or hedging of, the Performance Right;
 - (ii) a Vesting Condition in relation to the Performance Right not being satisfied by the due date, or becoming incapable of satisfaction, as determined by the Board in its absolute discretion;
 - (iii) a vested Performance Right is not exercised within 60 days of becoming vested;
 - (iv) a participant (or, where the participant is a nominee of the Eligible Participant, that Eligible Participant) ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Performance Right under a good leaver exception;
 - (v) the Board deems that a Performance Right lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant;
 - (vi) the Company undergoes a change in control or winding up, and the Board does not exercise its discretion to vest the Performance Right; and
 - (vii) the expiry date of the Performance Right.
- (n) **No Participation Rights:** There are no participating rights or entitlements inherent in the Performance Rights and participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights without exercising the Performance Right.

- (o) **No Change:** A Performance Right does not confer the right to a change in the number of underlying Shares over which the Performance Right can be exercised.
- (p) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (q) **Inconsistency with Offer:** Notwithstanding any other provision in the Plan, to the extent that any covenant or provision contained in an Offer document is inconsistent with any covenant or provision under the Plan, the deemed covenant or provision under the Offer document shall prevail.

SCHEDULE 2 – TERMS AND CONDITIONS OF RELATED PARTY PERFORMANCE RIGHTS

A summary of the terms and conditions of the Related Party Performance Rights to be issued to Directors pursuant to Resolutions 4 to 7 is set out below:

(a) **(Vesting Conditions):** The Related Party Performance Rights shall vest as follows:

Performance Rights	Performance Hurdle	Expiry Date
3,333,331 Tranche 1 Related Party Performance Rights	The 10 day VWAP of the Company's Shares is, on the T1 Expiry Date, 50% higher than the Share price on the date Shareholder approval is received for Resolutions 4 to 7 .	T1 Expiry Date: the date which is 18 months from the date Shareholder approval is received for Resolutions 4 to 7.
3,333,334 Tranche 2 Related Party Performance Rights	The 10 day VWAP of the Company's Shares is, on the T2 Expiry Date, 75% higher than the Share price on the date Shareholder approval is received for Resolutions 4 to 7.	T2 Expiry Date: the date which is 24 months from the date Shareholder approval is received for Resolutions 4 to 7.
3,333,335 Tranche 3 Related Party Performance Rights	The 10 day VWAP of the Company's Shares is, on the T3 Expiry Date, 100% higher than the Share price on the date Shareholder approval is received for Resolutions 4 to 7 .	T3 Expiry Date: the date which is 36 months from the date Shareholder approval is received for Resolutions 4 to 7.

(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 employed 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 holder one share for each Vested Performance Right 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) **Lapse of a Performance Right:** A Related Party Performance Right will lapse upon the earlier to occur of:

- (i) an unauthorised dealing in, or hedging of, the Related Party Performance Right;
- (ii) a vesting condition in relation to the Related Party Performance Right not being satisfied by the due date, or becoming incapable of satisfaction, as determined by the Board in its absolute discretion;

- (iii) a vested Performance Right is not exercised within 60 days of becoming vested;
 - (iv) a holder ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Performance Right under a good leaver exception;
 - (v) the Board deems that a Related Party Performance Right lapses due to fraud, dishonesty or other improper behaviour of the holder;
 - (vi) the Company undergoes a change in control or winding up, and the Board does not exercise its discretion to vest the Related Party Performance Right; and
 - (vii) the expiry date of the Related Party Performance Right.
- (e) **(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.
- (f) **(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.
- (g) **(Dividend and Voting Rights):** Holders are not entitled to vote or to receive dividends as a result of their holding Related Party Performance Rights.
- (h) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Related Party Performance Rights and a 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.

SCHEDULE 3 – VALUATION OF RELATED PARTY PERFORMANCE RIGHTS

The Performance Rights to be issued to Directors pursuant to Resolutions 4 to 7 have been independently valued.

The Performance Rights have been valued using a hybrid employee share option pricing model that simulates the Company's share price at the expiry date using the Monte-Carlo model.

The variables required to value the Related Party Performance Rights are as follows:

Item	Tranche1	Tranche 2	Tranche 3
Underlying Security Spot Price	\$0.073	\$0.073	\$0.073
Exercise Price	Nil	Nil	Nil
Share Price Barrier	\$0.1095	\$0.12775	\$0.146
Assumed Grant Date	10/11/2017	10/11/2017	10/11/2017
Expiration Date	10/5/2019	10/11/2019	10/11/2020
Life of Rights (years)	1.5	2	3
Volatility	60%	60%	60%
Risk free rate	1.85%	1.85%	1.85%

Using the above variables, Stantons International Securities Pty Ltd have calculated a value of \$219,000 for the Performance Rights as follows:

Performance Rights	Number	Value
Tranche 1 Performance Rights	3,333,331	\$121,667
Tranche 2 Performance Rights	3,333,334	\$73,000
Tranche 3 Performance Rights	3,333,335	\$24,333
TOTAL	10,000,000	\$219,000

	Value of Performance Rights to be issued
Mr Robert Nash (Non Executive Chairman)	\$43,800
Mr Luke Atkins (Non Executive Director)	\$87,600
Mr Neil Lithgow (Non Executive Director)	\$43,800
Mr Zhaozhong Wang (Non Executive Director)	\$43,800

**APPOINTMENT OF PROXY FORM
BAUXITE RESOURCES LIMITED**

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 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 11.30am (WST), on Friday 10th November 2017 at Suite 10, 295 Rokeby Road, Subiaco, Western Australia, and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

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 Zhaozhang Wang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Adoption of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Issue of Related Party Performance Rights to Mr Robert Nash	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Issue of Related Party Performance Rights to Mr Luke Atkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Issue of Related Party Performance Rights to Mr Neil Lithgow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Issue of Related Party Performance Rights to Mr Zhaozhang Wang	<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.

Option 1: A voting prohibition statement and a voting exclusion statement apply to the Chair.

Important for Resolutions 1,3,4,5,6 and 7.

If you have not directed your proxy how to vote as your proxy in respect of Resolutions 1,3,4,5,6, and 7 and the Chair is, or may by default be, appointed your proxy, you must mark the box below.

I/we direct the Chair to vote in accordance with his/her voting intentions (as set out above) on Resolutions 1,3,4,5,6, and 7 (except where I/we have indicated a different voting intention above) and expressly authorise that the Chair may exercise my/our proxy even though Resolutions 1,3,4,5,6 and 7 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel and acknowledge that the Chair may exercise my/our proxy even if the Chair has an interest in the outcome of Resolutions 1,3,4,5,6 and 7 and that votes cast by the Chair for Resolutions 1,3,4,5,6 and 7, other than as proxy holder, will be disregarded because of that interest.

If the Chair is, or may by default be, appointed your proxy and you do not mark this box and you have not directed the Chair how to vote, the Chair will not cast your votes on Resolutions 1,3,4,5,6 and 7 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1,3,4,5,6 and 7.

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: YES NO

Instructions for Completing 'Appointment of 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, Suite 10, 295 Rokeby Road, Subiaco, WA 6008; or
 - (b) facsimile to the Company on facsimile number +61 8 9200 6299; or
 - (c) email to the Company at smiddlemas@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.