

# BAUXITE RESOURCES LIMITED

ABN 72 119 699 982



17 February 2011

Mr Cameron Bill  
Adviser, Listings (Perth)  
Via facsimile 9221 2020

Dear Cameron

In response to the ASX query dated 15 February 2011 on the Appendix 3Y lodged late for the change of director's interests for J Sibly, we respond as follows:

The purchase of shares by the director was in accordance with the Company's Share Trading Policy. The company regrets however that the Appendix 3Y notifying the purchase of shares by the director was lodged late by 3 weeks.

Response to Question 1 – *Please explain why the Appendix 3Y was lodged late.*

The director was new to ASX-listed company directorship and made a mistake in the rules for notification. The director had instructed his superannuation fund to purchase the shares and had not realised that this indirect purchase would trigger the requirements to notify. When the Company became aware of the purchase nearly 1 month later, notification was made immediately on 15 February 2011.

Response to Question 2 – *What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?*

Every new director signs a consent that requires the director to declare their interests upon commencement and an Appendix 3X is prepared and lodged at that time. The Chairman as part of the appointment process discusses ASX requirements with new directors, in particular continuous disclosure requirements. There are discussions at Board meetings that relate to share trading and share trading policy.

Response to Question 3 – *If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B.*

This particular error has indicated that there was not full understanding of the need for disclosure of indirect interests. The Chairman, the Chief Executive and the particular director have been informed of the error. The full principles of continuous disclosure will be covered as a specific topic at the upcoming Board meeting (18 February), also at the upcoming senior staff management meeting (21 February), and a check-list for relevant briefings for new Board members and senior staff management will be attached for future appointees.



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Following the Board discussion further arrangements may be put in place to ensure future compliance.

Paul Fromson  
Company Secretary



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15 February 2011

Mr Paul Fromson  
Bauxite Resources Limited  
Level 2 Building E 355 Scarborough Beach Road  
OSBORNE PARK WA 6017

By Email: [pfromson@bauxiteresources.com.au](mailto:pfromson@bauxiteresources.com.au)

Dear Paul,

**Bauxite Resources Limited (the "Company")**

We refer to the following:

1. The Appendix 3Y lodged by the Company with ASX today for Mr John Sibly;
2. Listing rule 3.19A which requires an entity to tell ASX the following:
  - 3.19A.1 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.*
    - On the date that the entity is admitted to the official list.
    - On the date that a director is appointed.*The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.*
  - 3.19A.2 *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*
  - 3.19A.3 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.*
3. Listing rule 3.19B which states as follows.

*An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.*

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The Appendix 3Y indicates that a change in Mr Sibly's notifiable interest occurred on 19 January 2011. It appears that the Appendix 3Y should have been lodged with ASX by 27 January 2011. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B. It also appears the director concerned may have breached section 205G of the Corporations Act.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions:

1. Please explain why the Appendix 3Y was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (**ie before 9.30 a.m. A.E.D.S.T.) on Friday, 18 February 2011.**

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely



Cameron Bill

**Adviser. Listings (Perth)**