

**BAUXITE RESOURCES LIMITED
ACN 119 699 982**

**NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY MEMORANDUM
AND
PROXY FORM**

**Date of Meeting
21 November 2008**

**Time of Meeting
9.30am**

**Place of Meeting
3/159 ADELAIDE TERRACE
EAST PERTH WA 6004**

The 2008 Annual Report may be viewed on the Company's website at

www.bauxiteresources.com.au/news-annual.htm

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

Notice is hereby given that the Annual General Meeting of shareholders of Bauxite Resources Limited ("**Company**") will be held at 3/159 Adelaide Terrace East Perth WA on 21 November 2008 at 9:30am for the purpose of transacting the following Business.

ORDINARY BUSINESS

2008 Financial Statements

To receive the financial statements of the Company for the year ended 30 June 2008, consisting of the Annual Financial Report, the Directors' Report and Auditor's Report.

Resolution 1 – Remuneration Report

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

"That the Remuneration Report forming part of the Company's 2008 Annual Report be adopted."

Note:

Section 250R of the Corporations Act requires a listed company to put to shareholders at each annual general meeting a resolution adopting the report on the remuneration of the company's directors, executives and senior managers included in the company's annual report. The above resolution is being proposed to comply with this requirement. The vote on this resolution is advisory and does not bind the company's directors.

A reasonable opportunity will be provided for discussion of the remuneration report at the annual general meeting.

Resolution 2 – Election of Daniel Tenardi as a Director

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

"That Daniel Tenardi, a Director of the Company appointed by the Board to fill a casual vacancy since the previous General Meeting and is eligible for re-election be re-elected as a Director of the Company."

Note:

Pursuant to the Company's Constitution, a Director appointed by the Board to fill a casual vacancy holds office until the next Annual General Meeting of the Company following the Director's appointment and is eligible to be re-elected.

BAUXITE RESOURCES LIMITED

Notice of Annual General Meeting

Resolution 3 – Re-election of Neil Lithgow as a Director

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

"That Neil Lithgow having retired as a director of the Company in accordance with the Company's Constitution and, being eligible, having offered himself for re-election be re-elected a director of the Company."

Note:

Pursuant to the Company's Constitution, one-third of the directors of the Company (other than the managing director) must retire at each Annual General Meeting and, being eligible, may offer themselves for re-election.

Resolution 4 – Approval of grant of options to Daniel Tenardi

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

"That for the purpose of Listing Rule 10.11 of Australian Stock Exchange Limited the issue of:

- *666,668 options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of 35 cents and expiring on 30 November 2013;*
- *666,666 options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of 45 cents and expiring on 30 November 2013; and,*
- *666,666 options to acquire ordinary fully paid shares in the capital of the Company at an exercise price of 55 cents and expiring on 30 November 2013.*

and otherwise on the terms and conditions outlined in Annexure A, B and C, to Daniel Tenardi or his nominee for nil consideration be and is hereby approved."

If approval is given under listing rule 10.11, approval is not required under listing rule 7.1.

Note:

The options issued under Resolution 4 will be issued to Daniel Tenardi or his nominees in accordance with the terms and conditions outlined in Annexure A and B;

1. Daniel Tenardi or his nominees will be issued 2,000,000 options for no issue price;
2. the options will be granted within one month of the date of this meeting;
3. a summary of the terms and conditions are set out in the attached Explanatory Memorandum;
4. shares issued as a result of the exercise of the options will rank pari passu with ordinary shares in the Company;
5. no funds will be raised as a result of the grant of the options; and
6. the Company will, in accordance with section 224 of the Corporations Act 2001 (Cth), disregard any votes cast on Resolution 4 by Daniel Tenardi and any associates of Daniel Tenardi. 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 a 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.

BAUXITE RESOURCES LIMITED

Notice of Annual General Meeting

A Proxy Form is attached.

To be valid, properly completed proxy forms must be received by the Company:

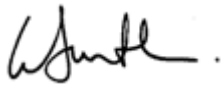
- By post at:

23 Altona Street
West Perth WA 6005

- By facsimile on +61 8 9389 2199

By no later than 9:30am (WDST) on Wednesday 19 November 2008

By order of the Board



Graeme Smith
Secretary

Date: 20 October 2008

BAUXITE RESOURCES LIMITED
ACN 119 699 982

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders in Bauxite Resources Limited ACN 119 699 982 ("**Company**") with sufficient information to assess the merits of Resolution 4 contained in the accompanying Notice of Annual General Meeting of the Company.

The Directors recommend that shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolution.

The following information should be noted in respect of the various matters contained in the accompanying Notice of Meeting:

RESOLUTION 4

ISSUE OF OPTIONS TO DIRECTOR

Shareholders' approval is sought to the grant of various options to Daniel Tenardi or his nominees, for nil consideration.

Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

1. the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
2. prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Directors are considered to be a related party of the Company.

Resolution 4 provides for the grant of options to related parties which is a financial benefit which requires shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

The related party to whom the proposed resolution would permit the financial benefit to be given

The options will be issued to Mr Tenardi or his nominees within one month of the passing of this Resolution.

The nature of the financial benefit

The proposed financial benefit is the grant to Mr Tenardi or his nominees, for no issue price, that number of options shown beside his name in the table below. Each option will allow Mr Tenardi to subscribe for one ordinary fully paid share in the Company. The exercise price of each option is also detailed in the Table 1.

Directors' recommendation

Mr Atkins, Mr McSweeney, Mr Lithgow and Mr Nash all recommend shareholders vote in favour of Resolution 4.

BAUXITE RESOURCES LIMITED
Explanatory Memorandum

All of the Directors were available to consider the proposed Resolution.

Interests of directors

Mr Tenardi has noted his interest in the approval of Resolution 4.

Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers.

- (a) The proposed Resolution would have the effect of giving power to the Directors to grant 2 million options to Mr Tenardi or his nominees.
- (b) The exercise of the options is subject to the terms and conditions outlined in Annexure A - C.
- (c) The Directors, in conjunction with the Company's advisers have attempted to value the options by reference to the Black-Scholes valuation method, based upon the assumptions outlined in Table 3.
- (d) The total value of the options to be issued is outlined in Table 1. If the options granted to Mr Tenardi are exercised, the effect would be to dilute the shareholdings of the existing shareholders.
- (e) As at 31 October 2008, the issued capital of the Company comprised 108,026,070 ordinary fully paid shares. On a fully diluted basis the issue of options represents approximately 1.1% of the Company's issued capital.
- (f) Mr Tenardi's current interests in securities of the Company are detailed in the Table 2.
- (g) The market price of the Company's shares during the term of the options will normally determine whether or not the option holder exercises the option. At the time any options are exercised and shares issued pursuant to the exercise of the options, the Company's ordinary shares may be trading on ASX at a price which is higher than the exercise price of the options.
- (h) The options will not be quoted on ASX and as such have no actual market value. The fully paid ordinary shares of the Company have been traded on ASX since October 2007. Since initial quotation the shares have traded in the range of 17.5 cents to 65 cents the most recent closing price prior to mailing of this notice was 19 cents. The options are capable of being converted to shares by payment of the exercise price.
- (i) Under the Company's current circumstances, the Directors consider that the incentive to Mr Tenardi which would be represented by the options would be a cost-effective and efficient reward for the Company as opposed to alternative forms of incentives.
- (j) Mr Tenardi is entitled to a salary of \$350,000 inclusive of statutory superannuation. In addition, Mr Tenardi shall be entitled to a one off performance based incentive payment of \$750,000 upon the first shipment of bauxite under the Company's proposed Direct Shipping Operation (DSO), if that first shipment under the DSO is completed within 3 years of 8 September 2008.
- (k) The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the options to Directors pursuant to Resolution 4.
- (l) Neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by Resolution 4.

BAUXITE RESOURCES LIMITED
 Explanatory Memorandum

Table 1 - Details of options to be issued to Directors

Director	Number of options	Exercise price	Expiry date	Vesting	Indicative value as determined by Black-Scholes valuation
Daniel Tenardi	666,668	35 cents	30 Nov 2013	30 Nov 2009	\$48,547
	666,666	45 cents	30 Nov 2013	30 Nov 2010	\$39,414
	666,666	55 cents	30 Nov 2013	30 Nov 2011	\$32,650

Table 2 -Details of Directors current holdings of securities in the Company

Director	Shareholding	Option holding
Daniel Tenardi	Nil	Nil

Table 3 - Option valuation details

Details	Input
Share price	20 cents
Exercise Price	As detailed in the Table 1
Risk Free Rate (Australian 5 year T-Bond)	7%
Volatility (Annualised)	50%
Time (years) to expiry	5
Start Date	30 November 2008

BAUXITE RESOURCES LIMITED

**ACN 119 699 982
PROXY FORM**

The Company Secretary
Bauxite Resources Limited
C/- 23 Altona St
WEST PERTH WA 6005

Facsimile: +61 8 9389 2199

I/We (name of shareholder)
of (address)
being a member/members of Bauxite Resources Limited **HEREBY APPOINT**
(name)
of (address)
and/or failing them (name)
of (address)

or failing that person then the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 21 November 2008 and at any adjournment of the meeting.

PROXY INSTRUCTIONS

<p>If you wish to instruct your proxy how to vote, insert "X" in the appropriate column against the item of business set out below.</p> <p>If the Chair of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote please place a mark in the box. By marking this box, you acknowledge that the Chair may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as a proxy holder will be disregarded because of that interest.</p> <p>If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.</p> <p>The Chair has advised that his intention is to vote in favour of all resolutions.</p>	<div style="border: 2px solid black; width: 40px; height: 40px; margin: 0 auto;"></div>
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Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:

I/We direct my/our Proxy to vote in the following manner:

	For	Against	Abstain
Resolution 1 – Adoption of Remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 - Election of Daniel Tenardi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Re- election of Neil Lithgow	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Issue of Options to Daniel Tenardi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

This Proxy is appointed to represent _____ % of my voting right, or if 2 proxies are appointed Proxy 1 represents _____ % and Proxy 2 represents _____ % of my total votes
My total voting right is _____ shares

Dated: _____

If the shareholder is an individual:

Signature: _____

Print name: _____

If the shareholder is a company:

Director/Sole Director and Secretary

Print name _____

Director/Secretary

Print name: _____

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A shareholder entitled to attend and vote is entitled to appoint no more than two proxies to attend and vote at this Annual General Meeting as the shareholder's proxy. A proxy need not be a shareholder of the Company.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the shareholder's voting rights. Fractions shall be disregarded.
3. The proxy form must be signed personally by the shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed in accordance with its constitution or its duly authorised attorney. In the case of joint shareholders, this proxy must be signed by each of the joint shareholders, personally or by a duly authorised attorney.
4. If a proxy is executed by an attorney of a shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
5. To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this Annual General Meeting **that is by 9:30am WST on 19 November 2008** by post or facsimile to:

By Post: Bauxite Resources Limited
c/- 23 Altona St
WEST PERTH WA 6005

By Fax: +61 8 9 389 2199

6. If the proxy form specifies a way in which the proxy is to vote on any of the resolutions stated above, then the following applies:
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
 - (b) 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
 - (c) if the proxy is the Chairperson, the proxy must vote on a poll and must vote that way, and
 - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

If a proxy is also a shareholder, the proxy can cast any votes the proxy holds as a shareholder in any way that the proxy sees fit

Annexure A

BAUXITE RESOURCES LIMITED

Terms and Conditions of 35 Cent Unlisted Options

- (a) Each Option entitles the holder to one ordinary fully paid share on exercise of the Option.
- (b) The Options may only be exercised on or after 30 November 2009.
- (c) The Options shall expire at 5:00pm WST on 30 November 2013 (the Expiry Date).
- (d) Subject to Clause (b), the Options shall be exercisable at any time up to and including the Expiry Date by completing the Option Exercise Form and provide payment for the number of Shares in respect of which the Options are exercised to the registered office of the Company.
- (e) The exercise price of the Options is \$0.35 per Option.
- (f) The Options are not transferable except to an associate of the Option holder and application will not be made to the ASX for Official Quotation of the Options.
- (g) All ordinary fully paid shares issued upon exercise of Options will rank pari passu in any respects with the Company's then issued ordinary fully paid shares. The Company will apply for Official Quotation by the ASX of all shares issued upon exercise of Options.
- (h) There are no participating rights and entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options without exercising their Options. However, the Company will ensure that Option holders will be allowed 10 business days notice to convert their Options to Shares to participate in an entitlement issue on the same basis as ordinary shareholders.
- (i) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, the number of Options or the exercise price of the Options or both shall be reconstructed in accordance with the Listing Rules.
- (j) Adjustment for bonus issues of Shares
If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):
 - (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (b) no change will be made to the exercise price.
- (k) Adjustment for rights issue
If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the exercise price of an Option will be reduced according to the following formula:
$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N+1}$$

O = the old Exercise Price of the Option.
E = the number of underlying Shares into which one Option is exercisable.
P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
S = the subscription price of a Share under the pro rata issue.
D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.
- (l) If the Option holder or their associate ceases to be a Director of the Company, these Options may be exercised by the Option holder within 60 days of the cessation, provided they are still eligible to be exercised under Clauses (b) and (c).

Lodgment Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Registry.

Annexure B

BAUXITE RESOURCES LIMITED

Terms and Conditions of 45 Cent Unlisted Options

- (a) Each Option entitles the holder to one ordinary fully paid share on exercise of the Option.
- (b) The Options may only be exercised on or after 30 November 2010.
- (c) The Options shall expire at 5:00pm WST on 30 November 2013 (the Expiry Date).
- (d) Subject to Clause (b), the Options shall be exercisable at any time up to and including the Expiry Date by completing the Option Exercise Form and provide payment for the number of Shares in respect of which the Options are exercised to the registered office of the Company.
- (e) The exercise price of the Options is \$0.45 per Option.
- (f) The Options are not transferable except to an associate of the Option holder and application will not be made to the ASX for Official Quotation of the Options.
- (g) All ordinary fully paid shares issued upon exercise of Options will rank pari passu in any respects with the Company's then issued ordinary fully paid shares. The Company will apply for Official Quotation by the ASX of all shares issued upon exercise of Options.
- (h) There are no participating rights and entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options without exercising their Options. However, the Company will ensure that Option holders will be allowed 10 business days notice to convert their Options to Shares to participate in an entitlement issue on the same basis as ordinary shareholders.
- (i) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, the number of Options or the exercise price of the Options or both shall be reconstructed in accordance with the Listing Rules.
- (j) Adjustment for bonus issues of Shares
If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):
 - (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (b) no change will be made to the exercise price.
- (k) Adjustment for rights issue
If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the exercise price of an Option will be reduced according to the following formula:
$$\text{New exercise price} = O - \frac{E [P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option.
E = the number of underlying Shares into which one Option is exercisable.
P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
S = the subscription price of a Share under the pro rata issue.
D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.
- (l) If the Option holder or their associate ceases to be a Director of the Company, these Options may be exercised by the Option holder within 60 days of the cessation, provided they are still eligible to be exercised under Clauses (b) and (c).

Lodgment Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Registry.

Annexure C

BAUXITE RESOURCES LIMITED

Terms and Conditions of 55 Cent Unlisted Options

- (a) Each Option entitles the holder to one ordinary fully paid share on exercise of the Option.
- (b) The Options may only be exercised on or after 30 November 2011.
- (c) The Options shall expire at 5:00pm WST on 30 November 2013 (the Expiry Date).
- (d) Subject to Clause (b), the Options shall be exercisable at any time up to and including the Expiry Date by completing the Option Exercise Form and provide payment for the number of Shares in respect of which the Options are exercised to the registered office of the Company.
- (e) The exercise price of the Options is \$0.55 per Option.
- (f) The Options are not transferable except to an associate of the Option holder and application will not be made to the ASX for Official Quotation of the Options.
- (g) All ordinary fully paid shares issued upon exercise of Options will rank pari passu in any respects with the Company's then issued ordinary fully paid shares. The Company will apply for Official Quotation by the ASX of all shares issued upon exercise of Options.
- (h) There are no participating rights and entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options without exercising their Options. However, the Company will ensure that Option holders will be allowed 10 business days notice to convert their Options to Shares to participate in an entitlement issue on the same basis as ordinary shareholders.
- (i) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, the number of Options or the exercise price of the Options or both shall be reconstructed in accordance with the Listing Rules.
- (j) Adjustment for bonus issues of Shares
If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):
 - (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (b) no change will be made to the exercise price.
- (k) Adjustment for rights issue
If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the exercise price of an Option will be reduced according to the following formula:
$$\text{New exercise price} = O - \frac{E [P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option.
E = the number of underlying Shares into which one Option is exercisable.
P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
S = the subscription price of a Share under the pro rata issue.
D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.
- (l) If the Option holder or their associate ceases to be a Director of the Company, these Options may be exercised by the Option holder within 60 days of the cessation, provided they are still eligible to be exercised under Clauses (b) and (c).

Lodgment Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Registry.