

## NOTICE OF FOURTH ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members of Quay Magnesium Limited (the Company) will be held at Kirralaa Room, The Grace Hotel, Level 2, 77 York Street, Sydney on Thursday 30 November 2006 at 10:00am.

The purpose of the meeting is to consider and if thought fit to pass the resolutions referred to below as ordinary resolutions.

If you are unable to attend the meeting, we encourage you to complete and return the enclosed proxy form. The completed proxy form must be received by the Company's share registrar, Link Market Services Limited on Tuesday 28 November 2006 no later than 10:00am Sydney time.

### ORDINARY BUSINESS

#### 1. Receipt of financial report

To receive and consider the financial report of the Company and its controlled entities and the reports of the directors and auditor for the year ended 30 June 2006.

The Corporations Act requires that:

- (a) the reports of the directors and auditors; and
- (b) the annual financial report, including the financial statements of the Company and its controlled entities for the year ended 30 June 2006,

be laid before the annual general meeting. The Corporations Act does not require a vote of shareholders on the reports or statements. However, shareholders will be given ample opportunity to raise questions or comments on the reports and statements at the meeting.

The financial report for consideration at the meeting will be the full financial report included in the enclosed Annual Report. Unless a shareholder instructs otherwise, each shareholder will receive the full financial report.

Also, a reasonable opportunity will be given to members as a whole at the meeting to ask the Company's auditor questions relevant to the conduct of the audit and the preparation and content of the auditor's report.

#### 2. Resolution 1: Retirement by rotation and re-election of Mr Peter Stuntz

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

***"That Mr Peter Stuntz retires by rotation in accordance with the Company's constitution, and being eligible, is re-elected as a director of the Company."***

Mr Peter Stuntz was appointed a director on 18 September 2003 and has been the executive chairman since that date. Peter graduated from the University of Sydney with degrees in geology and mining engineering and later obtained a masters degree specialising in mineral economics from Macquarie University. After a period in the mining industry he joined a large financial institution and spent 14 years as a financial analyst and investment manager. During this time he specialised in both listed and unlisted investments and gained extensive experience across a range of industries and commodities. On leaving this institution he established his own financial services company which he ran as Managing Director and subsequently sold in 2002.

#### 3. Resolution 2: Remuneration Report

To consider and, if thought fit, to pass the following non-binding resolution:

***"That the Remuneration Report be adopted."***

Section 249L of the Corporations Act 2001 requires the Remuneration Report of the Company for the financial year ended 30 June 2006 to be laid before the meeting.

The Remuneration Report is set out in the Directors' Report of the Annual Report to Shareholders for the year ended 30 June 2006.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting. While there is a requirement for a formal resolution on this item under section 250R(3) of the Corporations Act, the resolution is only advisory and does not bind the Company or its directors.

## ENTITLEMENT TO VOTE

It has been determined that under the Corporations Regulation 7.11.37, for the purposes of the Annual General Meeting, shares will be taken to be held by the persons who are registered holders at 7:00pm Sydney time on Tuesday 28 November 2006. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

## PROXIES

Members are advised that:

- (a) each member entitled to vote at the Annual General Meeting has a right to appoint a proxy. Any instrument appointing a proxy in which the name of the appointee is not shown is regarded to be in favour of the chair of the meeting;
- (b) the proxy need not be a member of the Company;
- (c) a member who is entitled to cast two or more votes may appoint not more than two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the member's votes. An additional proxy can be obtained from Link Market Services Limited on request; and
- (d) a member may specify the way in which the proxy is to vote on the resolution or may allow the proxy to vote at his or her discretion.

The Company in accordance with section 250BA of the Corporations Act, specifies the following information for the purposes of receipt of proxy appointments:

### Postal Address:

Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235

Facsimile Number: (+61 2) 9287 0309

### By Hand

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

Proxies and any power of attorney or other authority under which the proxy is signed must be received by Link Market Services Limited at the address or at the facsimile number specified above no later than 10:00am Sydney time Tuesday 28 November 2006. A proxy form is enclosed with this notice of Annual General Meeting.

## CORPORATE REPRESENTATIVES

A corporate shareholder or proxy holder wishing to appoint a person to act as its representative at the meeting must provide that person with a letter executed in accordance with the company's constitution and the Corporations Act 2001 authorising him or her to act as the company's representative. The authority may be sent to Link Market Services Limited in advance of the meeting or handed in at the meeting when registering as a corporate representative.

By Order of the Board

Friday 20 October 2006



**Jim Harte**  
Company Secretary