

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members of Quay Magnesium Limited (the Company) will be held at the Ming Room, Level 2, 3 Spring Street, Sydney on Friday 30 October 2009 at 11:00am.

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 by no later than 11:00am Australian Eastern Daylight Saving Time (AEDST) on Wednesday 28 October 2009.

### 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 auditors for the year ended 30 June 2009.

#### 2. Resolution 1: Remuneration Report

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

*"To adopt the Remuneration Report as set out in the Annual Report for the year ended 30 June 2009."*

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.

#### 3. Resolution 2: 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 rule 7.1(e)(2)(A) of the Company's constitution, and being eligible, is re-elected as a director of the Company."*

### SPECIAL BUSINESS

#### 4. Resolution 3: Approval of past issue of securities issued 6 August 2009

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

*"That for all purposes, including the requirements of ASX Listing Rule 7.4, approval is given to the issue on 6 August 2009 of 34,000,000 fully paid ordinary shares in the Company at one and a half cents per share raising \$510,000 as set out in the Explanatory Memorandum accompanying the notice of meeting."*

### EXPLANATORY MEMORANDUM

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this notice of meeting.

### 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 Australian Eastern Daylight Saving Time (AEDST) on Wednesday 28 October 2009. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

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## 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

**By Hand**

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

Facsimile Number: (+61 2) 9287 0309

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 11:00am Australian Eastern Daylight Saving Time (AEDST) Tuesday 25 November 2008. A proxy form is enclosed with this notice of Annual General Meeting.

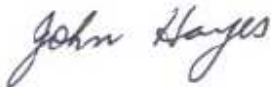
## VOTING INTENTIONS

The Chairman of the meeting intends to vote in favour of all resolutions on the agenda in respect of undirected proxy votes held by him.

## 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  
18th September 2009



**John Hayes**  
Company Secretary

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum accompanies and forms part of the notice of meeting and has been prepared to provide the Shareholders of Quay Magnesium Limited ABN 75 104 179 099 (the 'Company') with material information to enable them to make an informed decision on the business to be conducted at the forthcoming Annual General Meeting (**AGM**) of the Company to be held on Friday 30 October 2009 at 11:00am Australian Eastern Daylight Saving Time (AEDST).

At the AGM, the Company will seek the approval of its Shareholders by ordinary resolution of all the resolutions proposed, the details which are set out in this explanatory memorandum and form part of the notice of meeting.

The Directors recommend that you read the notice of meeting and this explanatory memorandum carefully and attend the AGM. If you are unable to attend but wish to vote, please complete the proxy form enclosed and ensure it is received by the Company's share registrar, Link Market Services Limited at the address or facsimile stated in the notice no later than 11:00am Australian Eastern Daylight Saving Time (AEDST) on Wednesday 28 October 2009.

## THE RESOLUTIONS

### Item 1: Receipt of Financial Report

The Corporations Act requires the annual financial report of the Company (which includes the financial statements of the Company and its controlled entities for the year ended 30 June 2009), together with the Directors' report and the auditor's report, to be laid before the Meeting. A vote of members on the reports is not required by the Corporations Act or the Company's constitution. However members will be given the opportunity to raise questions or comments on the reports at the Meeting.

The Company's Annual Report is available on line at [www.quaymagnesium.com/reports.htm](http://www.quaymagnesium.com/reports.htm) The financial report for consideration at the meeting will be the full financial report included in the Annual Report. Shareholders who have specifically requested a hard copy of the Annual Report will receive it in the mail.

Also, a reasonable opportunity will be given to members as a whole at the meeting to ask the Company's auditors questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

### Resolution 1: Remuneration Report

Section 249L of the Corporations Act 2001 requires the Remuneration Report of the Company for the financial year ended 30 June 2009 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 2009.

Section 250R(2) of the Corporations Act requires the Company to propose a resolution that the remuneration report of the Company be adopted. The vote on this resolution is advisory only and does not bind the Directors or the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

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

Mr Peter Stuntz retires in accordance with rule 7.1(e)(2)(A) of the Company's constitution and ASX Listing Rule 14.4 and offers himself for re-election. A director who retires in accordance with that rule of the constitution and ASX Listing Rule 14.4 is eligible for election or re-election, as the case may be, at the annual general meeting.

Peter Stuntz 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. After this Mr Stuntz was involved in the establishment of a number of unlisted companies all of which have a resource focus and based in Asia.

The Board (with Mr Stuntz abstaining) recommends that Shareholders vote in favour of Resolution 2.

## Resolution 3: Approval of past issues of securities issued on 6 August 2009

### Listing Rule 7.1

Listing Rule 7.1 restricts the Company from issuing more than 15% of its issued capital in a 12 month period without Shareholder approval ('15% Limit').

### Listing Rule 7.4

Listing Rule 7.4 allows the Company to ratify a prior issue of shares for the purposes of the 15% Limit, which effectively "refreshes" the Company's capacity to issue further capital over the next 12 months. If resolution 3 is passed, the shares the subject of the relevant issues will not be counted towards the 15% Limit (on the basis that Shareholders will have approved the issues).

Resolution 3 seeks Shareholder approval for the purposes of this Listing Rule.

The Company is seeking Shareholder approval of the previous issue on 6 August 2009 of 34,000,000 fully paid ordinary shares in the Company at one and a half cents per share which raised \$510,000. All shares issued rank equally with all other fully paid ordinary shares in the Company from the date of their issue.

<b>Name of Allottee</b>	<b>Shares Issued</b>
Central Turbo Limited	34,000,000

The funds were raised to supplement working capital including due diligence and other expenses relating to the previously announced proposed acquisitions.

Shareholder approval of Resolution 3 will provide the Company with added flexibility in raising funds because it:

- (a) renews the Company's capacity to issue further shares and options (to a limited extent) without exceeding the 15% Limit; and
- (b) allows the Company to issue further shares and options at short notice (without exceeding the 15% Limit) and without seeking prior Shareholder approval, where the resulting delay could compromise the Company's financial position or the success of a commercial transaction.

The Company will disregard any votes cast on resolution 3 by a person who participated in the issue including those listed in the table above and their associates.

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
- 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.

The Board recommends that Shareholders vote in favour of Resolution 3.

### Glossary

<b>ASX</b>	means ASX Limited
<b>Board</b>	means the board of Directors of the Company
<b>Company</b>	means Quay Magnesium Limited (ABN 75 104 179 099)
<b>Corporations Act</b>	means the Corporations Act 2001 (Cth)
<b>Directors</b>	means the Directors of the Company
<b>Listing Rules</b>	means the Listing Rules of the ASX
<b>Shares</b>	means fully paid ordinary shares in the capital of the Company
<b>Sophisticated Investor</b>	has the meaning given to that term in section 707(8) of the Corporations Act and includes, without limitation, an investor whose investment in Shares would total at least \$500,000 upon accepting a new offer of Shares and an investor who has net assets of at least \$2.5 million or a gross income of at least \$250,000 for the last 2 financial years.