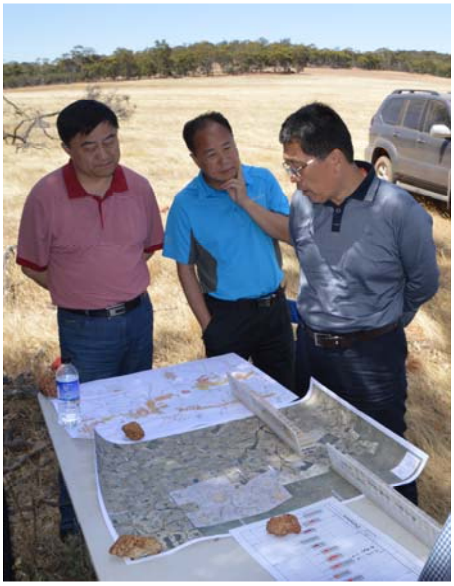
BAUXITE RESOURCES LIMITED



ANNUAL REPORT **2016**

ABN: 7219 699 982

Corporate Information

ABN 72 119 699 982

DIRECTORS
Robert Nash – Non-Executive Chairman
Luke Atkins – Non-Executive Director
Neil Lithgow – Non-Executive Director
Zhaozhong Wang – Non-Executive Director

COMPANY SECRETARY
Sam Middlemas

CHIEF FINANCIAL OFFICER
Patrick Soh

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STOCK EXCHANGE LISTING
ASX Code: BAU

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Chairman's Report 2016

Dear Shareholder

YEAR IN REVIEW

The Financial Year ending 30 June 2016 saw a number of substantial changes for the Company.

The most significant change was the agreement with the Yankuang Group ("Yankuang") to terminate the Bauxite Alumina Joint Venture ("BAJV"). The termination was achieved through the sale of the Company's interests in the BAJV and in the Company's neighbouring Fortuna tenements, to Yankuang for $7.15m together with a royalty on future sales of bauxite. Under the agreement, Yankuang also agreed to sell back its' 8.5% shareholding in the Company for $1.15m (5.83 cents/share). The royalty agreement provides for Yankuang to pay a royalty of 0.9% of the price paid in respect of sales and transfers of bauxite from the former BAJV and Fortuna tenements on the first 100 million tonnes mined. The 0.9% was calculated by reference to prevailing market bauxite price in order to achieve an estimated 50 cents/tonne royalty, with the added benefit that it is effectively indexed for future price rises in the bauxite price.

The agreement with Yankuang followed a protracted and difficult dispute between the parties as to their respective rights and obligations under the BAJV, primarily related to the implementation, timing and interpretation of the Refinery BFS obligations, 90% of which were to be funded by Yankuang. The relationship of trust and confidence between the parties had also suffered from a number of other reasons, including:

- delays by Yankuang in meeting joint venture cash calls;
- fundamental differences in the parties' time horizons for the development of the joint venture project; and
- the ongoing cost of maintaining the joint venture team and meeting fixed joint venture overheads without a clear and shared understanding of the path to monetisation of the project in the near to medium term.

Following final settlement with Yankuang in January 2016, the Company undertook a complete review of all expenditures with a view to minimising ongoing operational costs. The newly appointed Chief Executive Officer, Sam Middlemas, has assiduously implemented substantial cost reductions in all areas.

The reduced operating tempo and the lowered operating costs of the Company enabled the board to consider a number of capital management initiatives, which culminated in the return of capital to shareholders of 5 cents per share ($10.7 million) prior to the end of June 2016. Following the return of capital, the Company had cash resources at the end of the financial year of $16.9m (7.9 cents per share), and other tangible assets of $2.7m including two farming properties.

GOING FORWARD

The Company's remaining bauxite exploration activity is now focused on its joint venture with the HD Mining & Investment Pty Ltd ("HD Mining"), which has a substantial bauxite resource base. Issues that had arisen between the Company and HD Mining in relation to the ongoing scope of the exploration program and budget for the joint venture have been satisfactorily resolved. HD Mining continues to fund 100% of the costs of the exploration on the joint venture tenements.

The board of the Company will continue to actively and regularly review further investment opportunities and, if considered appropriate and prudent, further capital management initiatives. Any new investments will only be made if the board considers they offer real value enhancement for the Company's shareholders.

I thank my fellow board members, the CEO and staff for their support in achieving a satisfying outcome for shareholders during the last financial year given the considerable difficulties and challenges facing the Company at the start of the financial year. I thank you, the shareholders, for your faith and continued support, and assure you that your board, together with the committed staff and executive team at BRL, are focused on maximising shareholder value and returns as we move forward.

Yours sincerely

Robert Nash
Chairman

Review of Operations

Corporate Focus

During the year the Company was focused on resolution of a number of corporate challenges that had arisen over prior periods, and is pleased to report that these have all been resolved and the Company is now well funded and in a position to pursue new opportunities within and outside the resources sector.

Achievements during the year include:

- Sale of the Company's interest in the Bauxite Alumina Joint Venture ("BAJV") to its Chinese Joint Venture Partner Yankuang Resources Pty Ltd and the Yankuang Group ("Yankuang") for $7.15m;
- Buy-back and cancellation of Yankuangs 8.5% shareholding in BRL;
- Return of Capital to Shareholders of 5 cents per share;
- Resolution of issues with the HD Mining Joint Venture allowing exploration to recommence under the Joint Venture, fully funded by our remaining Chinese Joint Venture partner HD Mining Pty Ltd ("HD Mining"); and
- Reduction and refocus of corporate overhead costs as the Company reassesses new opportunities.

Sale of BAJV

Following shareholder approval on 18th January 2016, completion occurred on the sale of BRL's interest in the joint ventures with its Chinese partner Yankuang Resources for $7.15m and the buy-back of Yankuang's 19,700,000 shares for $1.15m.

As a consequence of the transaction the following changes occurred:

- BRL's net cash funds increased by $6m, being the difference between the sale price of $7.15m received for its interest in the BAJV and the buy-back sum of $1.15m paid by BRL for Yankuang's shares in BRL;
- BRL has a royalty right of 0.9% of the FOB price (presently estimated to be worth approximately 50 cents per tonne) from the sale of the first 100 million tonnes of bauxite mined from the Felicitas and Fortuna tenements;
- Following the cancellation of the 19,700,000 shares the subject of the buy-back, the total shares on issue were reduced to 214,302,336 shares;
- Yankuang's representative Mr Cunliang Lai resigned from the BRL Board; and
- BRL has no further obligations under the BAJV to continue to fund the joint ventures, which substantially reduced BRL's ongoing costs of operation.

Return of Capital

Following a review of the Company's funding requirements for its operations, projects and working capital the board identified surplus cash to the Company's requirements and consequently proposed a capital return of 5 cents per Share to Shareholders.

The return was proposed on 29th April 2016, approved by Shareholders at its Extraordinary General Meeting on 10th June 2016 and paid out on 21st June 2016 that resulted in a reduction of cash in the order of approximately $10.7 million, leaving the Company's with its current cash reserves of $16.9 million.

The Company believed the capital return was in the interests of all Shareholders and provided a return of excess capital to Shareholders leaving the Company with sufficient funds to progress its business development activities following the sale of its interest in the BAJV to its Chinese JV Partner Yankuang.

HD Mining Joint Venture

Fiscal restraints advised by HD Mining during the year led to the Joint Venture deferring a decision to commence a feasibility study, and a reduction of exploration to minimal levels. Funding for the Joint Venture from HD Mining was delayed for over two quarters as negotiations were undertaken to determine the way forward for the HDJV.

Agreement was reached in the last quarter with a budget for 2016/2017 agreed that will allow exploration to recommence. HD Mining will continue to fully fund all exploration. All outstanding JV contribution commitments were paid prior to the end of the financial year.

Future Operations

The Board is now focussed on identifying new opportunities both within and outside the bauxite mining industry and is undertaking reviews of new projects.

The Company's current cash burn rate has been reduced significantly, and it is expected to maintain the current minimal levels in the near term with surplus assets continuing to be reviewed and rationalised in an orderly manner as markets allow for reasonable prices to be achieved.

The Board will continue to manage the Company in the best manner in which to maximise returns to shareholders and these may include additional capital management initiatives.

Exploration and Development

Exploration activity by the company and joint venture partners was limited during the 12 months to 30 June 2016 as activities were focussed on the completion of the sale of BRL's interests in the BAJV to Yankuang. Fiscal restraints within the Shandong Bureau limited the activity within the HD Mining Joint Venture to minimum levels. Work focussed on strategic planning and target generation within the BRL 100% and HD Mining Joint Venture land holdings. Exploration drilling programs in strategic target areas have been planned, to ensure a pipeline of quality bauxite projects is maintained.

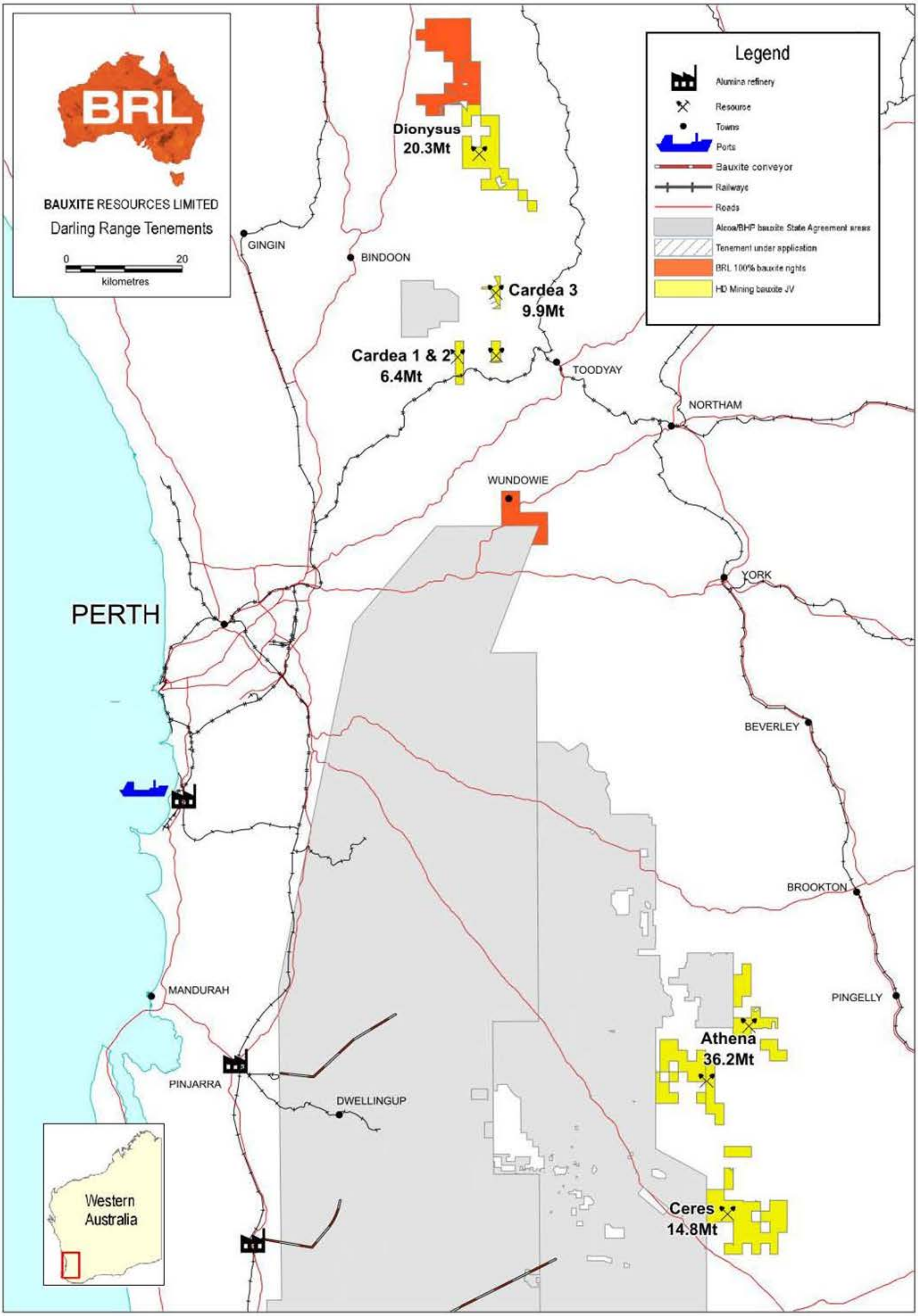
BRL and its joint venture partner's total bauxite resources stand at 87.6Mt as at June 30, 2016 (refer to Mineral Resources Table 1 for resources details). BRL considers the current resources have potential for growth and provide opportunities for domestic and export exploitation.

Key resources, located in the eastern and northern Darling Range, display low reactive silica and high available alumina to reactive silica ratios, making them attractive for refining. The majority of alumina present is trihydrate mineral gibbsite, which enables cost effective, low temperature extraction.

BRL resources are predominantly located on large private land holdings (typically cleared farmland), in proximity to road and rail infrastructure. Bauxite is shallow, typically with less than 2m of loose overburden, requiring limited pre-stripping, attributes that indicate potential to support long life, low cost bauxite operations.

Whilst maintaining focus on developing bauxite projects in the Darling Range, the Company has elected to also consider exploration and development opportunities in other commodities. The Lort River Lithium project is BRL's first acquisition in this initiative.

Figure 1: BRL Darling Range tenement holding and resource locations



JOINT VENTURE WITH HD MINING

Background

In 2010 the Company entered into a JV with HD Mining & Investment Pty Ltd (HD Mining) a wholly-owned subsidiary of the Shandong Bureau No1 Institute for Prospecting of Geology & Minerals (Shandong) to explore for bauxite. The JV provides for HD Mining to fund 100% of exploration and feasibility costs for HD Mining to earn:

(a) a 40% interest in any defined area of exploration on the making a binding commitment by HD Mining to undertake a detailed feasibility study for the commercial mining of the defined area; and
(b) a further 20% interest in a defined area upon completion of the feasibility study and the making by the JV committee of a decision to commence mining.

Current Activities

Athena and Dionysus resources, as described below, are two key projects that form part of the joint venture with HD Mining & Investments Pty Ltd (HD Mining). The current joint venture with HD Mining is a Farm-in Agreement that requires HD Mining to fund 100% of all exploration and feasibility costs to earn 60% of the bauxite rights upon a decision to mine.

Athena consists of four deposits located on a number of private land holdings on exploration licences E70/3180 and E70/3890, between the townships of Wandering and Pingelly, approximately 120km southeast of Perth. The resource was upgraded in July 2014 following a phase of growth drilling taking the resource to 36.2Mt (see ASX announcement 15/07/14). The resource is shallow and displays bauxite up to 13m thick (average 3m). The project area is yet to be constrained by drilling and as such potential remains to further grow the resource.

Existing bauxite mining State Agreement areas lie to the west, and as such the project is in a known bauxite province. Athena is located approximately 20km north of the 15Mt Ceres resource, making a combined total in the eastern Darling Range in excess of 50Mt, indicating the region has evolved as a major bauxite project area for the Company.

Dionysus is located on one private landholding, approximately 100km north east of Perth, and situated in proximity to existing rail infrastructure providing a link to Kwinana Port. In 2015 the Company completed close spaced drilling confirming continuity of grade and bauxite thickness and commenced the collection of baseline environmental data, with the establishment of a small number of water level monitoring bores.

Throughout the year negotiations continued with HD Mining focussing on securing funding for work programs to progress the Dionysus and combined Athena/Ceres projects. An agreement has now been reached that will allow modest reconnaissance drilling programs to be undertaken in new areas at Dionysus and Ceres in the coming summer subject to land access.

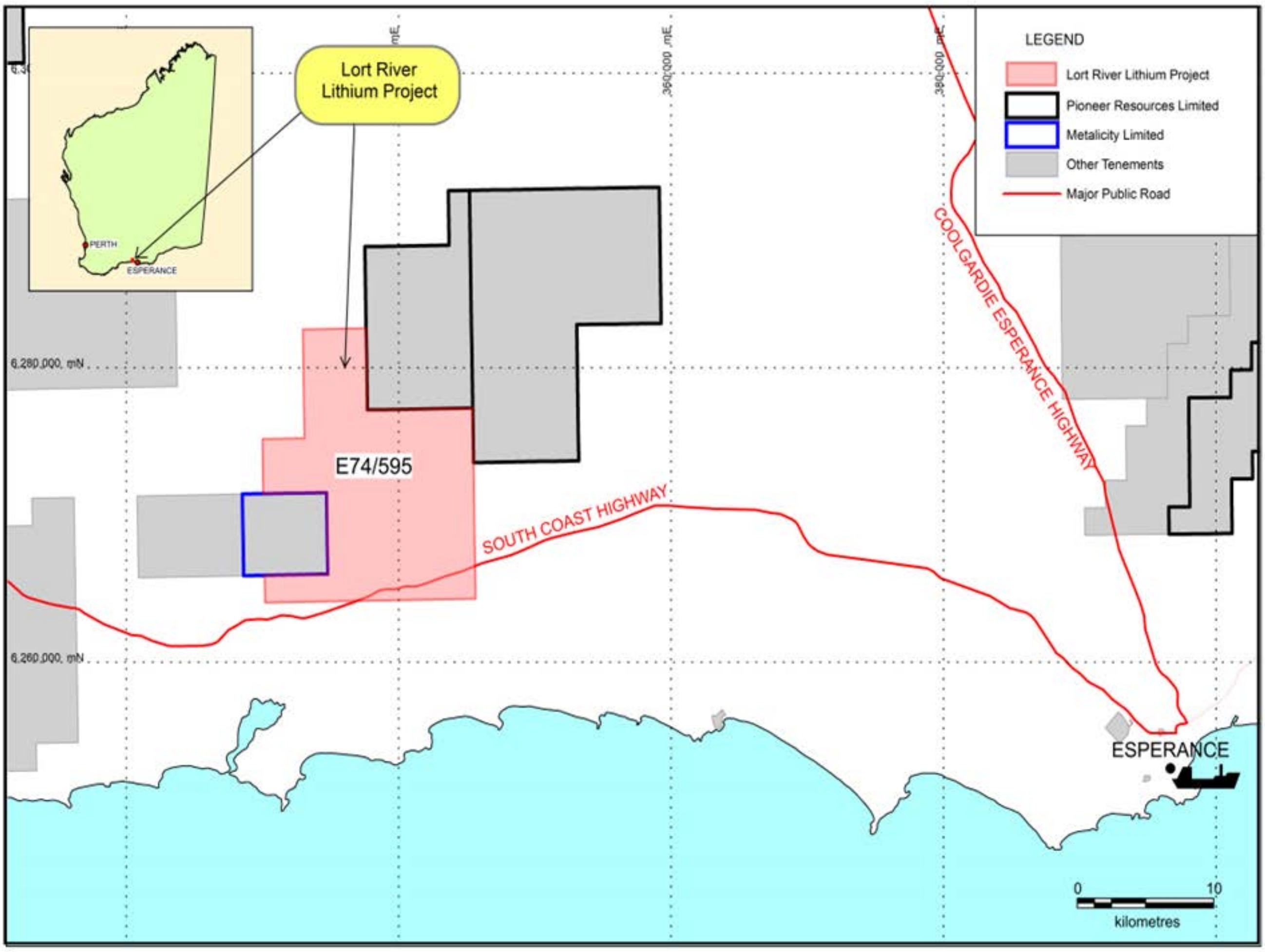
NON BAUXITE COMMODITIES

BRL retains the non-bauxite mineral rights across 519km2 of tenure throughout the Darling Range, Western Australia. The Company carried out desktop reviews and roadside reconnaissance exploration for other commodities within existing Darling Range tenure during the year. Follow up assessment will be undertaken in the coming months.

Lort River Lithium Project

Bauxite secured exploration licence E74/595 (Lort River Lithium Project) on ground prospective for Lithium. The project is located between Ravensthorpe and Esperance and approximately 120 km east of the Mt Cattlin Lithium Mine in Western Australia, see figure 2 below. The project comprises an exploration licence that covers 68 graticular blocks.

Figure 2: Lort River Lithium Project location



The tenement lies between Pioneer Resources Limited's recently pegged leases to the east (E74/581 and E63/1776) and Metalicity Limited's tenement (E74/574) to the west.

A Geoscience Australia stream sediment sample taken in the south of the tenement returned an elevated lithium value. Publically available soil geochemistry sampling is limited within the tenement however extensive soil geochemistry lithium anomalies exist along structural trends immediately adjacent to the tenement.

Assessment of the project area has commenced and planning is underway for exploration work programs once heritage agreements and land access can be put in place.

The company is actively seeking and evaluating additional exploration and development acquisitions with particular focus on potential for economic extraction of lithium and gold.

Mineral Resources and Ore Reserves

The Company has completed an update to its Mineral Resources and Ore Reserves Statement for the twelve months ending June 30, 2016. The Company's total Mineral Resources are estimated at 87.6Mt at an average available alumina grade of 31.9%. This represents a decrease of 308.9Mt (78%) on total resources as reported in 2015 (396.5Mt). The Mineral Resource Statement as at 30 June, 2016 is provided in table 1. The decrease is due to the sale to Yankuang Bauxite Resources of the company's interests in the Felicitas (228.0Mt), Cardea 3 BAJV (14.2Mt), Minerva (2.2Mt), Aurora (9.4Mt), Rusina (3.7Mt), Juturna (8.7Mt) and Cronas (2.8Mt) resources. The Company ceased reporting of two small southern pods (0.2Mt) of the Ceres resource and updated the resource inventory accordingly.

JORC Code 2012 and ASX Listing Rules Requirements

This annual statement has been prepared in accordance with the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2012).

Information prepared and first disclosed under the JORC 2004 Edition, and not related to a material mining project, and which has not materially changed since last reported has not been updated.

There have been no material changes to material projects for the purposes of ASX Listing Rules 5.8 and 5.9 and as such Material Information Summaries or JORC Code 2012 Assessment and Reporting Criteria are not provided with this statement.

The Company advises that this material contains summaries of Exploration Results and Mineral Resources as defined in the JORC Code 2012. JORC compliant Public Reports released to the ASX declaring the exploration results or JORC resources referred to can be viewed on both the ASX and the Company websites, free of charge.

Governance

The annual audit of resources and reserves is carried out internally by the Company. BRL ensures that the Mineral Resources and Ore Reserves reviews are subject to appropriate internal controls, and in line with the Company's Mineral Resources and Ore Reserves Policy. The estimation procedures are well established and prepared by competent and qualified professionals. All resources are based on well-founded assumptions, and compliant with Joint Ore Reserves Committee (JORC) guidelines.

Competent Persons Statement

The information in this report that relates to exploration results, and to the Mineral Resources Statement as a whole, was compiled by Nick Algie. Mr Algie is a qualified geologist and a full time employee of Bauxite Resources Limited (BRL). He is a shareholder in BRL and is entitled to participate in BRL's employee performance plan, details of which are included in BRL's 2016 Remuneration Report. Mr Algie is a member of the Australian Institute of Mining and Metallurgy, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Algie has consented to the inclusion in this report of material in the form and context in which it appears.

The information in this report that relates to specific Mineral Resources is based on and accurately reflects reports prepared or reviewed by the Competent Persons named in Table 1. Mr Senini was an employee of the Company at the time of resource estimation and remains competent person. Mr de la Mare was formerly a full time employee of RungePincockMinarco. All the Competent Person's named are members of the Australian Institute of Geoscientists, and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Each Competent Person consents to the inclusion of material in the form and context in which it appears.

Forward Looking Statements

This report may include forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", or other similar words and may include, without limitation, statements regarding plans, strategies, and objectives of management. Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company's actual results, performance and achievements to differ materially from anticipated results, performance or achievements. Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

Table 1. BRL and Partner Mineral Resources as at June 30, 2016

		Resources as at June 30 2016							Resources as at June 30 2015				
Deposit	Resource Category	Size Mt	$Al_2O_{3\,(total)}$ %	$Al_2O_{3\,(available)}$ %	$SiO_{2\,(total)}$ %	$SiO_{2\,(reactive)}$ %	JORC details	Competent Person	Size Mt	$Al_2O_{3\,(total)}$ %	$Al_2O_{3\,(available)}$ %	$SiO_{2\,(total)}$ %	$SiO_{2\,(reactive)}$ %
Fortuna	Indicated								6.3	40	34	5.7	1.9
	Inferred								33.9	38.5	31.8	5.6	1.7
BRL 100% sub-total									**40.2**	**38.8**	**32.1**	**5.6**	**1.8**
Felicitas	Measured								122.7	39.9	31.6	7.7	1.7
	Indicated								77.1	39.6	31.0	9.8	2.2
	Inferred								28.2	38.9	30.6	10.5	2.3
Cardea 3 (BAJV)	Indicated								4.7	42.5	31.1	11.6	3.2
	Inferred								9.5	41.0	30.1	12.6	3.5
Minerva	Inferred								2.2	38.7	28.9	20.3	3.9
Aurora	Indicated								7.6	44.6	33.1	12.1	3.7
	Inferred								1.8	41.8	30.6	15.9	4.6
Rusina	Inferred								3.7	40.3	29.1	15.7	5.3
Juturna	Inferred								8.2	40.2	29.9	23.1	3.9
Cronus	Inferred								2.8	39.3	28.3	13.3	2.8
BAJV sub-total									**268.5**	**39.9**	**31.2**	**9.8**	**2.2**
Athena	Inferred	36.2	41.8	32.8	18.1	2.8	2012	1	36.2	41.8	32.8	18.1	2.8
Dionysus	Inferred	20.3	42.1	32.6	12.0	3.4	2012	1	20.3	42.1	32.6	12.0	3.4
Cardea (1&2)	Inferred	6.4	41.8	29.3	15.7	4.3	2004	2	6.4	41.8	29.3	15.7	4.3
Cardea 3 (HDM)	Indicated	1.5	42.8	30.0	16.8	4.0	2012	1	1.5	42.8	30.0	16.8	4.0
	Inferred	8.4	40.3	28.9	17.0	4.4			8.4	40.3	28.9	17.0	4.4
Ceres	Inferred	14.8	41.5	31.7	19.5	3.0	2004	1	15.0	40.9	31.7	19.5	3.0
HDM sub-total		**87.6**	**41.7**	**31.9**	**16.6**	**3.3**			**87.8**	**41.6**	**31.9**	**16.6**	**3.3**
Total	**Measured**								**122.7**	**39.9**	**31.6**	**7.7**	**1.7**
	Indicated	**1.5**	**42.8**	**30.0**	**16.8**	**4.0**			**97.2**	**40.2**	**31.3**	**9.9**	**2.4**
	Inferred	**86.1**	**41.7**	**31.9**	**16.6**	**3.2**			**176.6**	**40.4**	**31.3**	**13.6**	**2.9**
Total Bauxite Resources		**87.6**	**41.7**	**31.9**	**16.6**	**3.3**			**396.5**	**40.2**	**31.4**	**10.9**	**2.4**

The Competent Persons are as follows: 1. Graham de la Mare 2. Peter Senini

Totals may differ due to rounding.

Resources based on low temperature (148^o) caustic digest and ICP analysis. This method simulates the low temperature Bayer process.

High temperature digestion may result in higher available alumina however the exact extent of this increase is not known at this time.

BRL - BRL retain 100% beneficial interest in bauxite. BAJV – Former Bauxite Alumina Joint Venture area with Yankuang Resources Ltd where BRL retained 30% beneficial interest in the bauxite rights. HDM – Resources within joint venture with HD Mining & Investments Pty Ltd, the wholly owned subsidiary of Shandong Bureau No.1 Institute for Prospecting of Geology & Minerals. At the time of writing the Company retains 100% beneficial interest. HD Mining can earn up to 60 % of bauxite rights upon completion of certain milestones including completion of a BFS leading to a decision to mine.

Annual Financial Report

For the year ended 30 June 2016

Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Bauxite Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2016.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

Robert Nash, B Juris LLB, Public Notary (Non-Executive Chairman)

Mr Nash is a lawyer by profession and currently practises as a barrister. He is presently the Head of WA Navy Reserve Legal Panel. He was a council member of the Law Society of Western Australia for 7 years, a Convenor of the Law Society Education Committee and a member of the Ethics and Professional Conduct Committees.

Mr Nash joined the board before the Company listed in 2008 and, following was appointed Chairman in August 2013.

Mr Nash has not held any other listed company directorships in the last 3 years.

Luke Atkins, LLB (Non-Executive Director)

Mr Atkins previously practised as a lawyer and was the principal of Atkins and Co Lawyers, a Perth based legal firm which he owned and managed for seven years. Mr Atkins brings to the Company extensive experience in capital raising and public listed companies.

Mr Atkins is currently Chairman of ASX listed Altech Chemicals Limited (8 May 2007 to current) and has interests in a number of enterprises including agriculture, property development and hospitality. Mr Atkins was a former director of Reclaim Industries Limited.

Neil Lithgow, MSc, FFin, MAusIMM (Non-Executive Director)

Mr Lithgow is a geologist by profession with over 20 years experience in mineral exploration, economics and mining feasibility studies covering base metals, coal, iron ore and gold.

Mr Lithgow is a non-executive director of Aspire Mining Limited (12 February 2010 to current) and he is a member of the Australian Institute of Mining and Metallurgy and the Financial Services Institute of Australia.

Mr Lithgow has not held any other listed company directorships in the last 3 years.

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.

Mr Wang has not held any other listed company directorships in the last 3 years.

Peter Canterbury, BBus (Acc) CPA (CEO and Executive Director – Resigned 21 October 2015)

Cunliang Lai, (Non-Executive Director – Resigned 21 January 2016)

Directors' Report cont.

CHIEF EXECUTIVE OFFICER & COMPANY SECRETARY

Sam Middlemas, B.Com.,PGrad DipBus., CA (Company Secretary and Chief Executive Officer)

Sam Middlemas is a Chartered Accountant with over 20 years of commercial experience in the mining and resources sector. Sam was formerly a Non-Executive Director of the ASX Listed Elemental Minerals Limited, including Non-Executive Chairman for 3 years, and formally a Non- Executive Director of the ASX listed Rubicon Resources Limited. He has previously worked or consulted for a number of ASX, TSX and AIM listed Companies, acting in roles including Chief Executive Officer, Non-Executive Director, Chief Financial Officer and Company Secretary to a number of listed public companies over the last 20 years.

He was appointed Company Secretary for Bauxite Resources Limited on 6 July 2012, and Chief Executive Officer on 21 October 2015. He also acts as Company Secretary and CFO for Manhattan Corporation Limited, Alto Metals Limited and Enterprise Metals Limited.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors and their related bodies corporate in the shares, options and performance rights of Bauxite Resources Limited were:

	Ordinary Shares
Robert Nash	324,900
Luke Atkins	19,898,512
Neil Lithgow	19,366,666
Zhaozhong Wang [1]	19,700,000

Note 1: Mr Wang is the corporate representatives of HD Mining and Investment Pty Ltd, who is the holder of shares in the Company.

OPERATING AND FINANCIAL REVIEW

OPERATING REVIEW

The Company completed the sale of its interest in the Bauxite Alumina Joint Ventures and the Fortuna Bauxite deposit to its Chinese Joint Venture Partner Yankuang Group during the year. This has left a reduced tenement holding in Bauxite exploration properties in WA's Darling Range, with exploration continuing through the remaining Bauxite Resources Ltd - HD Mining Joint Venture ("HDMI"). Bauxite resources at 30 June 2016 stood at 87.8 million tonnes (see table 1 for resource details) with all resources held in HDMI.

There was also a focus on identifying new opportunities, and a Lithium tenement was acquired during the year in the Esperance region. There were no other significant changes in the nature of the Group's activities during the year.

FINANCIAL REVIEW

The Group has recorded a profit for the period after income tax for the year ended 30 June 2016 of $4,337,884 (2015: $10,622,199 loss). The profit includes a gain from discontinued operations of $6,288,572 which follows the sale of its interest to its Joint Venture Partner, Yankuang group.

Included in the operating profit was expenditure on exploration totalling $506,009 compared to $1,057,689 in the year ended 30 June 2015. The group does not capitalise exploration expenditure, but writes off the full amount of expenditure incurred each year.

Employment Benefits expense declined from $1,108,549 in 2015 to $890,530 in the 2016 year. This is a reflection of reduced staff numbers, as the Company moved to ensure costs were properly contained in line with activity levels during the year.

The Group earned $678,716 in interest revenue in the year compared to $953,537 in 2015, a 29% decline that is largely reflective of the company's lower cash balance and decline in interest rates over the course of the past two financial years. The average rate earned on investments during the year was 2.75%, compared to an average rate of 2.9% in 2015. The Group's cash balances also diminished by $6,062,048 over the course of the year.

The Group ended the financial year with cash reserves of $16,936,145 (2015: $22,998,193).

The Cash Flow Statement on page 28 of this Annual Financial Report sets out details of the use of these cash funds. However the significant transactions included a return of capital $10,715,117 that was approved at an Extraordinary General Meeting on the 10 June 2016 and completed on the 21 Jun 2016. The Company completed the sale of business to Yankuang for $7,150,000 including buy-back of $1,150,000 Yankuang's shares on the 21 January 2016.

Directors' Report cont.

Other than this utilisation of cash for these two events during the year, the Group's other operating cash flows were able to deliver cost reductions though out the year.

DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

SHAREHOLDER RETURNS

	2016	2015
Basic earnings per share (cents)	2.0	(4.6)
Diluted earnings per share (cents)	2.0	(4.5)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company continues to explore for additional bauxite resources within its existing tenements and more particularly through the HD Mining Joint Venture.

It is also looking for other business opportunities to better utilise its cash resources.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year the most significant change of affairs was in relation to the sale of the interest in the Bauxite Alumina Joint Venture to its Chinese partner Yankuang Group. This led to a sale of Bauxite's interest in the joint venture and its interest in the wholly owned Fortuna deposit for a cash sale price of $7,150,000 and a royalty equivalent to 50c/tonne on up to 100Mt. As part of the transaction, Bauxite also agreed to buy-back Yankuang's 19.7m shares for $1,150,000 and these were cancelled following shareholder approval in January 2016.

Bauxite also completed a Return of Capital equivalent to 5 cents per share following shareholder approval, delivering $10,715,117 of funds back to shareholders during June 2016.

There were no other significant changes in the state of affairs of the Group during the financial year.

RISK MANAGEMENT

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There has not been any matters or circumstance that have arisen since 30 June 2016 which significantly affected or could significantly affect the operations of the consolidated group in future financial years.

Directors' Report cont.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to environmental regulation in respect to its exploration activities. The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

REMUNERATION REPORT

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration

B Service agreements

C Details of remuneration

D Share-based compensation

E Equity instrument disclosures relating to key management personnel

F Performance based remuneration

G Loans to key management personnel

H Other transactions with key management personnel

I Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

A Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of the Company has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Company is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive a base salary, which is based on factors such as responsibilities and experience. The executives of the Company outside the directors are also eligible to participate in the Company's Performance Rights Plan as approved by Shareholders in November 2013. The Board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. No bonuses or incentives were paid during the year however staff we awarded shares under the shareholder approved Performance Rights Plan.

The Australian based executive directors and executives receive a superannuation guarantee contribution required by the government, which was 9.5% in 2015/2016, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options or rights are valued using the Black Scholes or binomial option pricing methodology.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $600,000). Fees for non-executive directors were $40,000 per annum with additional fees payable for membership of other board related committees, this has been reduced to $20,000 for the 2016/17 financial year. The fees are not linked to the performance of the Group, however, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Alternate directors have not received remuneration by way of fees or share based payments from the Company for the year ended 30 June 2016.

Company performance, shareholder wealth and directors' and executives' remuneration

A number of performance rights have been granted to key management personnel and are linked to the company performance through market based performance conditions. Details on the proportion of remuneration is detailed in Part F of the remuneration report.

The following table shows the gross revenue, losses and earnings per share for the current and prior year.

	2016	2015
	$	$
Revenue	1,122,462	1,592,088
Net profit/(loss)	4,337,884	(10,622,199)
Earnings per share (cents)	2.0	(4.6)

B Service agreements

The details of service agreements of the key management personnel of Bauxite Resources Limited and the Group are as follows:

Robert Nash – Chairman Legal retainer agreement.

- Term of agreement – Commenced 1 August 2012, ceased from 1 Jul 2016.
- Monthly retainer fee of $10,000 for providing legal counsel and advice to the Company as and when requested.

Contracted key management personnel are engaged on standard commercial terms.

Luke Atkins – Consultancy agreement.

- Term of agreement – Commenced 1 July 2016, subject to a 3 months' written notice period.
- Monthly retainer fee of $12,500 for providing business and projects counsel and advice to the Company as and when requested.

Sam Middlemas – Chief Executive Officer – Consultancy agreement.

- Term of agreement – Commenced 19 October 2015, subject to a 3 months' written notice period.
- Monthly minimum retainer fee of $14,400 for providing Chief Executive Officer Services
- Company to provide interest free loan of $200,000 to reimburse the purchase of shares in Bauxite Resources Limited to be repaid earlier of 19 October 2017, or sale of shares, or within 3 months of Consultancy agreement being terminated.

Contracted key management personnel are engaged on standard commercial terms.

C Details of remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and specified executives of Bauxite Resources Limited and the Bauxite Resources Group are set out in the following table.

The key management personnel of Bauxite Resources Limited and the Group include the directors and company secretary as per pages 13 and 14 above.

The Chief Executive Officer has full authority and responsibility for planning, directing and controlling the activities of the Group. The Exploration Manager has authority and responsibility for planning, directing and controlling the exploration activities of the Group. The Chief Financial Officer has responsibility for planning directing and controlling the financial affairs of the Group, as directed by the Board. Given the size and nature of operations of Bauxite Resources Limited and the Group, there are no other employees who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

Directors' Report cont.

Key management personnel and other executives of Bauxite Resources Limited and the Group

	Short-Term			Post-employment benefits	Share-based Payments		Total
	Salary & Fees	Subsidiary Board and committee fees	Consultancy Fees	Superannua-tion	Performance Rights	Termination Benefits	
	$	$	$	$	$	$	$
2016							
Non-Executive Directors							
Robert Nash	100,000	-	120,000	9,500	-	-	229,500
Luke Atkins	40,000	22,307	-	5,919	-	-	68,226
Neil Lithgow	40,000	-	-	3,800	-	-	43,800
Zhaozhong Wang	40,000	-	-	-	-	-	40,000
Cunliang Lai [1]	22,307	-	-	-	-	-	22,307
Executive Directors							
Peter Canterbury [2]	180,380	-	-	29,104	(10,227)	187,500	386,757
Key Management Personnel							
Sam Middlemas [3]	-	-	154,725	-	-	-	154,725
Nick Algie [4]	152,041	-	-	15,742	6,764	-	174,547
Patrick Soh	-	-	61,925	-	-	-	61,925
Mark Menzies [5]	69,266	-	-	8,323	-	21,418	99,007
Total Remuneration	643,994	22,307	336,650	72,388	(3,463)	208,918	1,280,794
2015							
Non-Executive Directors							
Robert Nash	100,000	-	110,000	9,500	-	-	219,500
Luke Atkins	40,000	40,000	-	7,400	-	-	87,400
Cunliang Lai [1]	40,000	-	-	-	-	-	40,000
Neil Lithgow	40,000	-	-	3,800	-	-	43,800
Zhaozhong Wang	40,000	-	-	-	-	-	40,000
John Sibly [6]	14,103	14,103	-	2,679	-	-	30,885
Executive Directors							
Peter Canterbury [2]	450,000	-	-	42,750	113,229	-	605,979
Key Management Personnel							
Sam Middlemas [3]	-	-	65,715	-	-	-	65,715
Mark Menzies [5]	238,532	-	-	22,661	2,885	-	264,078
Patrick Soh	-	-	94,375	-	-	-	94,375
Total Remuneration	962,635	54,103	270,090	88,790	116,114	-	1,491,732

Notes:
(1) Mr Lai resigned on 21 January 2016.
(2) Mr Canterbury resigned on 21 October 2015.
(3) Mr Middlemas was appointed to replace Mr Canterbury as CEO from 21 October 2015.
(4) Mr Algie was appointed to replace Mr Menzies as Exploration Manager from 6 November 2015.
(5) Mr Menzies resigned on 6 November 2015.
(6) Mr Sibly resigned on 7 October 2014.

D Share-based compensation

Options or performance rights may be issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to certain directors (determined by the Board) and executives of Bauxite Resources Limited to increase goal congruence between executives, directors and shareholders. Performance rights are issued with specific performance criteria required to be achieved. The Company does not have a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities, but the Board actively discourages key personnel management from obtaining mortgages in securities held in the Company.

Directors' Report cont.

The following options and performance rights were granted to or vested with key management personnel during the past 3 years (Please see section E(iii) regarding vesting or expiry of rights):

	Grant Date	Granted Number	Vested Number as at 30 June 2016	Date vesting or vested and exercisable	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Exercised Number
2016								
Nick Algie [1]	17/12/2013	102,600	102,600	Refer 1 below	31/07/2014	N/A	8.1	102,600
	17/12/2013	86,400	25,920	Refer 1 below	31/07/2015	N/A	8.4	25,920
	17/12/2013	81,000	Nil	Refer 1 below	31/07/2016	N/A	8.4	Nil
Peter Canterbury [2]	14/11/2013	2,000,000	2,000,000	Refer 2 below	20/05/2016	N/A	4.3	2,000,000
2015								
	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Rights subject to performance criteria prior to 30 June 2014 for rights expiring 31 July 2014; 30 June 2015 for rights expiring 31 July 2015 and 30 June 2016 for rights expiring 31 July 2016. During the year, the second tranche of 25,920 performance rights were converted to fully paid ordinary shares on 11 August 2015 following performances hurdles being achieved. Subsequent to year end 81,000 third tranche shares were converted to fully paid ordinary shares on 13 August 2015 following performances hurdles being achieved.

(2) The Company's market capitalisation averaging over a period of 60 consecutive days of trading a daily average of not less than $54.56M (amended from $70M and approved at the AGM on the 7 November 2014); and completing 24 months of continuous employment with the Company to 20 May 2015. 2,000,000 performance shares were vested upon Mr Canterbury's resignation according to employment contract.

E Equity instrument disclosures relating to key management personnel

(i) Option holdings

There were no options over ordinary shares in the Company held during the financial year by each director of Bauxite Resources Limited and other key management personnel of the Group (2015: Nil), including their personally related parties.

No Directors or key management personnel hold options in the Company.

(ii) Shareholdings

The numbers of shares in the Company held during the financial year by each director of Bauxite Resources Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Ordinary shares	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
2016				
Directors of Bauxite Resources Limited				
Robert Nash	274,900	-	50,000	324,900
Luke Atkins	17,417,735	-	2,480,777	19,898,512
Neil Lithgow	19,366,666	-	-	19,366,666
Peter Canterbury [1]	100,000	2,000,000	(2,100,000)	-
Other key management personnel of the Company				
Sam Middlemas	600,000	-	5,100,000	5,700,000
Nick Algie	102,600	25,920	-	128,520
Mark Menzies	336,800	-	(132,240)	204,560
2015				
Directors of Bauxite Resources Limited				
Robert Nash	254,900	-	20,000	274,900
Peter Canterbury	100,000	-	-	100,000
Luke Atkins	17,041,667	-	376,068	17,417,735
Neil Lithgow	19,366,666	-	-	19,366,666
John Sibly	40,500	-	-	40,500

Directors' Report cont.

Ordinary shares	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Other key management personnel of the Company				
Sam Middlemas	600,000	-	-	600,000
Mark Menzies	200,000	-	136,800	336,800

(1) Shares deemed to be disposed upon resignation from the Company on 21 October 2015

No other Directors or key management personnel have shareholdings in the Company.

(iii) Performance Right holdings

The number of performance rights in the Company held during the financial year by each director of Bauxite Resources Limited and other key management personnel of the Group, including their personally related parties, are set out below:

2016	Balance at start of the year	Granted as compensation	Other changes	Balance at end of the year	Vested and exercisable	Unvested
2016						
Directors of Bauxite Resources Limited						
Peter Canterbury [1]	4,000,000	-	(4,000,000)	-	2,000,000	-
Other key management personnel of the Company						
Nick Algie	167,400	-	(86,400)	81,000	25,920	81,000
Mark Menzies	223,200	-	(223,200)	-	34,560	-
2015						
Directors of Bauxite Resources Limited						
Peter Canterbury	6,000,000	-	(2,000,000)	4,000,000	-	4,000,000
Other key management personnel of the Company						
Sam Middlemas	500,000	-	(500,000)	-	-	-
Mark Menzies	360,000	-	(136,800)	223,200	136,800	223,200

(1) Mr Canterbury resigned from the Company on 21 October 2015.

No other Directors or key management personnel have performance rights in the Company.

F Performance based remuneration

The relative proportions of those elements of remuneration of key management personnel that are linked to performance:

	Fixed remuneration		Remuneration linked to performance	
	2016	2015	2016	2015
Directors of Bauxite Resources Limited				
Robert Nash	100%	100%	-	-
Luke Atkins	100%	100%	-	-
Neil Lithgow	100%	100%	-	-
Zhaozhong Wang	100%	100%	-	-
Cunliang Lai	100%	100%	-	-
John Sibly	100%	100%	-	-
Peter Canterbury	102.6%	81.3%	(2.6%)	18.7%
Other key management personnel of the Company				
Sam Middlemas	100%	100%	-	-
Nick Algie	96.1%	99.0%	3.9%	1.0%
Patrick Soh	100%	100%	-	-
Mark Menzies	100%	98.9%	-	1.1%

Directors' Report cont.

G Loans to key management personnel

The Company provided an interest free loan of $200,000 to the Chief Executive Officer, Sam Middlemas to reimburse the purchase of shares in Bauxite Resources Limited to be repaid earlier of 19 October 2017, or sale of shares, or within 3 months of Consultancy agreement being terminated. The amount of interest that would have been charged on an arm's-length basis is approximately $2,500 for the 30 June 2016 financial year.

H Other transactions with key management personnel

Robert Nash provided legal services to Bauxite Resources Limited during the year under an agreement and was paid a retainer fee of $120,000 (2015: $110,000). This amount paid was on arm's-length commercial terms and is included as part of the compensation. The agreement was terminated on 30 June 2016.

The office premises that the Company rents for its registered office and principal place of business is owned by Non-Executive Director, Luke Atkin's Mother. During the year the Company paid $24,095 (2015: Nil) rent and outgoings on normal commercial terms and conditions.

I Additional information

DIRECTORS' MEETINGS

During the year the Company held 9 meetings of directors. The attendance of directors at meetings of the Board were:

	Directors meetings		Committee meetings					
			Audit		Remuneration		Nomination	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Robert Nash	9	9	2	2	1	1	1	1
Luke Atkins	9	8	2	2	1	1	1	1
Neil Lithgow	9	8	2	2	1	1	1	1
Zhaozhong Wang	9	7	N/A	N/A	N/A	N/A	N/A	N/A
Peter Canterbury [1]	3	3	N/A	N/A	N/A	N/A	N/A	N/A
Cunliang Lai [2]	5	0	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) Mr Canterbury resigned on 21 October 2015.

(2) Mr Lai's appointed alternate director Mr Reinhold Schmidt attended 5 Board meetings. Mr Lai resigned on 21 January 2016.

SHARES UNDER OPTION

2,000,000 options on issue to Mr John Sibly which are exercisable at 40 cents expired on 22 February 2016. There were no new options issued, or cancelled during the year.

As at 30 June 2016 there were the 120,000 performance rights on issue with 2,000,000 expiring, 2,104,640 fully converted to ordinary shares and 2,451,160 cancelled during the year.

Subsequent to year end 120,000 staff performance rights have converted into fully paid ordinary shares after meeting performance hurdles. At the date of this report Nil performance rights were still on issue.

INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the Company has paid premiums insuring all the directors of Bauxite Resources Limited against costs incurred in defending proceedings for conduct other than:

(a) a wilful breach of duty; or

(b) a contravention of sections 182 or 183 of the Corporations Act 2001,

as permitted by section 199B of the Corporations Act 2001. The total amount of insurance contract premiums paid is $24,917 (2015: $36,566).

Directors’ Report cont.

NON AUDIT SERVICES

The following non audit services were provided by the entity's auditor, Moore Stephens or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;

None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Moore Stephens received or are due to receive the following amounts for the provision of non-audit services:

	2016	2015
	$	$
Taxation services	22,667	25,692

CORPORATE GOVERNANCE

In accordance with ASX Listing Rule 4.10.3 the Company has elected to publish its corporate governance statement on its website. The corporate governance statement can be found at www.bauxiteresources.com.au/corporate-governance.

AUDITOR’S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 24.

Signed in accordance with a resolution of the directors.

Robert Nash

Chairman

Perth, 22 September 2016

Directors’ Report cont.

Table 1 BRL and Partner Bauxite Resources

Deposit & Classification	Size	Al_2O_3 (total)	Al_2O_3 (available)	SiO_2 (total)	SiO_2 (reactive)	JORC details	Competent Person
	Mt	%	%	%	%		
Athena							
Inferred	36.2	41.8	32.8	18.1	2.8	JORC2012	1
Dionysus							
Inferred	20.3	42.1	32.6	12.0	3.4	JORC2012	1
Cardea 1 & 2							
Inferred	6.4	41.8	29.3	15.7	4.3	JORC2004	2
Cardea 3 (HDM)							
Indicated	1.5	42.8	30.0	16.8	4.0	JORC2012	1
Inferred	8.4	40.3	28.9	17.0	4.4	JORC2012	1
Ceres							
Inferred	14.8	41.5	31.7	19.5	3.0	JORC2004	1
HDM sub-total	87.8	41.6	31.9	16.6	3.3		
Total Indicated	1.5	42.8	30.0	16.8	4.0		
Total Inferred							

Note: The Competent Persons are as follows.

(1) Graham de la Mare

(2) Peter Senini

COMPETENT PERSON STATEMENT

The information in this report that relates to specific Mineral Resources is based on and accurately reflects reports prepared by the Competent Persons named in Table 1. Mr Senini was an employee of the Company at the time of resource estimation and remains competent person. Mr de la Mare was employed by RungePincockMinarco. All the Competent Person’s named are members of the Australian Institute of Geoscientists, and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’.

The information in this report that relates to exploration results, and to the Mineral Resources Statement as a whole, was compiled by Nick Algie. Mr Algie is a qualified geologist and a full time employee of Bauxite Resources Limited (BRL). He is a shareholder in BRL and is entitled to participate in BRL’s employee performance plan, details of which are included in BRL’s 2016 Remuneration Report. Mr Algie is a member of the Australian Institute of Mining and Metallurgy, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Algie has consented to the inclusion in this report of material in the form and context in which it appears.

The Company advises that this Report contains summaries of Mineral Resources as defined in the 2012 Edition of the ‘Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’ (“JORC Code”). The JORC compliant Public Reports released to the ASX declaring the exploration results or JORC resources referred to can be viewed on both the ASX and the Company websites, free of charge.

Information prepared and first disclosed under the JORC 2004 Edition, and not related to a material mining project, and which has not materially changed since last reported has not been updated.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimate in the relevant market announcement continue to apply.

Auditors' Independence Statement

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AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF BAUXITE RESOURCES LIMITED & CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

MOORE STEPHENS

Suan-Lee Tan	**Moore Stephens**
Partner	**Chartered Accountants**

Signed at Perth this 22nd day of September 2016

Statement of Profit or Loss and Other Comprehensive Income

Year Ended 30 June 2016

	Notes	Consolidated Group	
		2016 $	2015(Restated) $
Sales revenue	4	-	-
Recoupment of exploration costs	4	302,285	404,789
Other income	4	139,593	226,112
Interest income	4	678,716	953,537
Employee benefits expense		(890,530)	(1,108,549)
Exploration expenses as incurred		(506,009)	(1,057,689)
Study costs		-	(34,717)
Administration expenses		(1,052,812)	(1,457,458)
Litigation settlement		-	(5,250,000)
Depreciation and amortisation expense		(740,412)	(545,340)
Impairment of property, plant & equipment		-	(1,015,105)
Gain/(loss) on disposal of fixed assets		106,281	2,410
Share-based payments expense	27	12,200	(143,488)
Share of net profits of associates and joint venture entities		-	-
Profit / (loss) before income tax	5	(1,950,688)	(9,025,498)
Income tax expense	6	-	-
Profit / (loss) after income tax expense from continuing operations		(1,950,688)	(9,025,498)
Profit / (loss) after income tax expense from discontinuing operations	7	6,288,572	(1,596,701)
Profit / (loss) for the period		4,337,884	(10,622,199)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss) for the period		4,337,884	(10,622,199)
Loss for the period is attributable to:			
Continuing operations		(1,950,688)	(9,025,498)
Discontinuing operations		6,288,572	(1,596,701)
Owners of Bauxite Resources Limited		4,337,884	(10,622,199)
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)		2.0	(4.6)
Diluted earnings per share (cents)		2.0	(4.5)
From continuing operations:			
Basic earnings per share (cents)		(0.9)	(3.9)
Diluted earnings per share (cents)		(0.9)	(3.8)
From discontinued operations:			
Basic earnings per share (cents)		2.9	(0.7)
Diluted earnings per share (cents)		2.9	(0.7)

The above statements should be read in conjunction with the notes to the financial statements.

Statement of Financial Position

As at 30 June 2016

	Notes	Consolidated Group 2016 $	Consolidated Group 2015 $
CURRENT ASSETS			
Cash and cash equivalents	8	16,936,145	22,998,193
Trade and other receivables	9	177,562	735,996
TOTAL CURRENT ASSETS		17,113,707	23,734,189
NON CURRENT ASSETS			
Other financial assets	10	200,000	360,358
Property, plant and equipment	11	2,542,231	3,515,396
TOTAL NON CURRENT ASSETS		2,742,231	3,875,754
TOTAL ASSETS		19,855,938	27,609,943
CURRENT LIABILITIES			
Trade and other payables	12a	91,041	226,230
Provisions	12b	13,082	79,781
TOTAL CURRENT LIABILITIES		104,123	306,011
TOTAL LIABILITIES		104,123	306,011
NET ASSETS		19,751,815	27,303,932
EQUITY			
Contributed equity	13	66,631,264	78,401,613
Reserves	14(a)	571,240	690,892
Retained earnings / (accumulated losses)	14(b)	(47,450,689)	(51,788,573)
TOTAL EQUITY		19,751,815	27,303,932

The above statements should be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

Year Ended 30 June 2016

Consolidated Group	Notes	Issued Ordinary Capital	Reserves	Retained Earnings	Total
		$	$	$	$
Balance at 1 July 2014		87,651,716	580,953	(41,166,374)	47,066,295
Loss for the period		-	-	(10,622,199)	(10,622,199)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(10,622,199)	(10,622,199)
Shares issued during the period		-	-	-	-
Performance shares converted to ordinary shares		33,549	(33,549)		-
Shares returned during the period		(9,275,908)	-	-	(9,275,908)
Transaction costs associated with capital return		(7,744)	-	-	(7,744)
Employee share options issued during the period		-	143,488	-	143,488
Balance at 30 June 2015		78,401,613	690,892	(51,788,573)	27,303,932
Loss for the period		-	-	4,337,884	4,337,884
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	4,337,884	4,337,884
Shares repurchased and cancelled during the period		(1,150,000)	-	-	(1,150,000)
Performance shares converted to ordinary shares		107,452	(107,452)	-	-
Capital returned during the period		(10,715,117)	-	-	(10,715,117)
Transaction costs associated with capital return		(12,684)	-	-	(12,684)
Employee share options issued during the period		-	37,982	-	37,982
Employee share options reversed during the period		-	(50,182)	-	(50,182)
Balance at 30 June 2016		66,631,264	571,240	(47,450,689)	19,751,815

The above statements should be read in conjunction with the notes to the financial statements.

Statement of Cash Flow

Year Ended 30 June 2016

	Notes	Consolidated Group	
		2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		629,014	715,429
Payments to suppliers and employees		(2,182,063)	(2,842,360)
Payments for exploration expenditure		(942,525)	(2,374,343)
Payment for litigation settlement		-	(5,250,000)
Interest received		685,461	1,092,815
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	25	(1,810,113)	(8,658,459)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of subsidiary		7,189,410	-
Recoup/(payment)of security deposit		328,755	-
Receipts from sales of property, plant & equipment		307,691	8,727
Payments for property, plant and equipment		-	(3,683)
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES		7,825,856	5,044
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for capital return		(10,715,117)	(9,283,652)
Payment for buyback of shares		(1,150,000)	-
Payment of capital return costs		(12,674)	-
Payment for borrowings		(200,000)	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		(12,077,791)	(9,283,652)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(6,062,048)	(17,937,067)
Cash and cash equivalents at the beginning of the financial year		22,998,193	40,935,260
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	16,936,145	22,998,193

The above statements should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Bauxite Resources Limited and controlled entities (“Consolidated Group” or “Group”). The financial statements were authorized for issue on 22 September 2016 by the directors of the Company.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and issued by the Accounting Standards Board (“AASB”) Interpretations and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (“AIFRS”). Compliance with AIFRS ensures that the financial report of Bauxite Resources Limited complies with International Financial Reporting Standards (“IFRS”).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment. The financial report is presented in Australian dollars.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bauxite Resources Limited (“Company” or “parent entity”) as at 30 June 2016 and the results of all subsidiaries for the year then ended. Bauxite Resources Limited and its subsidiaries together are referred to in these financial statements as the ‘consolidated entity’.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(c) Interests in joint ventures arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to Note 1(b) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

(d) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Proceeds from a Research & Development tax incentive is recognised as a government grant in accordance with AASB 120 Accounting for Government Grants, and disclosed as Other Income.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 21). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

(j) Trade and other receivables

Receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(k) Investments and other financial assets

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables or in an otherwise timely manner. The amount of the impairment allowance is the difference between the asset's carrying amount and the estimated future cash flows. None of the Group's loans and receivables has an applicable interest rate hence the cash flows are not discounted.

The amount of the impairment loss is recognised in the income statement within impairment expenses. When a loan or receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of revenue from continuing operations when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial investments is determined are disclosed in note 2.

Notes to the Financial Statements cont.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(l) Property, plant and equipment

Property

Freehold land and buildings are carried at historical cost less, where applicable, any accumulated depreciation and impairment losses. Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets excluding freehold land, is depreciated using the reducing balance method to allocate their cost, net of their residual values, over their estimated useful lives. Buildings are depreciated on a straight line basis.

The depreciation rates for each class of depreciable assets are:

Plant & equipment	7-67%	Motor vehicles	25-30%
Buildings	2.5%	Software	30-50%
Exploration equipment	20-67%	Furniture & fittings	10-40%
Computer equipment	20-50%	Leasehold improvements	10-25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(m) Tenement acquisition and exploration costs

Tenement acquisition and exploration costs incurred are written off as incurred.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are paid on normal commercial terms.

Notes to the Financial Statements cont.

(o) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the balance sheet date are recognised in other payables in respect of employees' services up to the balance sheet date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'), refer to note 27.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes or binomial option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(p) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

The amount expended on the on-market buy-back of shares is debited to the share capital account to the extent of share capital available. Should the amount expended on on-market share buy-backs exceed the amount of available share capital, the remainder will be debited against distributable reserves.

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Notes to the Financial Statements cont.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(s) Comparative figures

During the year, the Directors entered into agreements with Yankuang Resources Pty Ltd to sell the Company's interests in the Alumina Refinery Joint Venture, Bauxite Resources Joint Venture and its 50% shareholding in Bauxite Alumina Joint Venture Pty Ltd.

The sale was completed on the 21 January 2016 (which is the date of approval by BRL shareholders), these joint arrangements are considered as discontinued operations pursuant to AASB 5. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income. Comparative amounts for the year ended 30 June 2015 have been restated to present the above joint arrangements as discontinued operations (see table below for details).

The net gains or losses relating to the sale of these joint interests have been recognised in the 30 June 2016 year-end financial statements of the Group.

Adjustments made to statement of profit or loss and other comprehensive income

	Year ended 30 June 2015		
	Previously Reported $	AASB5 $	As presented $
Continuing operations			
Recoupment of exploration costs	404,789	-	404,789
Other income	226,112	-	226,112
Interest income	961,187	(7,650)	953,537
Employee benefits expense	(1,108,549)	-	(1,108,549)
Exploration expenses as incurred	(2,314,981)	1,257,292	(1,057,689)
Study costs	(342,655)	307,938	(34,717)
Administration expenses	(1,457,458)	-	(1,457,458)
Litigation settlement	(5,250,000)	-	(5,250,000)
Depreciation and amortisation expense	(584,461)	39,121	(545,340)
Impairment of property, plant & equipment	(1,015,105)		(1,015,105)
Gain/(loss) on disposal of fixed assets	2,410	-	2,410
Share-based payments expense	(143,488)	-	(143,488)
Profit / (loss) before income tax	(10,622,199)	1,596,701	(9,025,498)
Income tax expense	-		-
Loss after income tax expense from continuing operations	(10,622,199)	1,596,701	(9,025,498)
Loss after income tax expense from discontinued operations	-	(1,596,701)	(1,596,701)
Loss after income tax expense for the period	(10,622,199)	-	(10,622,199)
Other comprehensive income			
Other comprehensive income for the period, net of tax	-		-
Total comprehensive income/(loss) for the period	(10,622,199)	-	(10,622,199)
Loss for the period is attributable to:			
Continuing operations	(10,622,199)	1,596,701	(9,025,498)
Discontinuing operations	-	(1,596,701)	(1,596,701)
Owners of Bauxite Resources Limited	(10,622,199)	-	(10,622,199)
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)	(4.6)	-	(4.6)
Diluted earnings per share (cents)	(4.5)	-	(4.5)
From continuing operations:			
Basic earnings per share (cents)	(4.6)	0.7	(3.9)
Diluted earnings per share (cents)	(4.5)	0.7	(3.8)
From discontinued operations:			
Basic earnings per share (cents)	-	(0.7)	(0.7)
Diluted earnings per share (cents)	-	(0.7)	(0.7)

(t) New and amended accounting policies adopted by the group

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

(u) New accounting standards for application in future periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).
The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 15 Revenue from Contracts with Customers (applicable to annual reporting periods beginning *on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).*
When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact

*AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (*applicable to annual reporting periods beginning on or after 1 January 2016)

This Standard amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

The application of AASB 2014-3 will result in a change in accounting policies for the above described transactions, which were previously accounted for as acquisitions of assets rather than applying the acquisition method per AASB 3.

The transitional provisions require that the Standard should be applied prospectively to acquisitions of interests in joint operations occurring on or after 1 January 2016. As at 30 June 2016, management is not aware of the existence of any such arrangements that would impact the financial statements of the entity going forward and as such is not capable of providing a reasonable estimate at this stage of the impact on initial application of AASB 2014-3.

AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*).

This Standard amends AASB 10: Consolidated Financial Statements with regards to a parent losing control over a subsidiary that is not a “business” as defined in AASB 3 to an associate or joint venture, and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor’s interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor’s interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor’s interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group’s financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

(v) Critical accounting estimates and judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes or binomial option pricing model, using the assumptions detailed in note 27.

Impairment of assets

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using estimated net realisable values which incorporate various assumptions such as current indicative values and expected future cash inflows.

2. FINANCIAL RISK MANAGEMENT

The Group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all Board members to be involved in this process. The Chairman, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

(a) Market risk

(i) Foreign exchange risk

As all operations are currently within Australia, the Group is not exposed to material foreign exchange risk.

(ii) Price risk

The Group is not exposed to any significant price risk.

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Group and the parent entity $16,936,145 (2015: $22,998,193) is subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the year depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Group and the parent entity was 3.40% (2015: 2.87%).

Sensitivity analysis

At 30 June 2016, if interest rates had changed by -/+ 80 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for both the Group and the parent entity would have been $159,737 lower/higher (2015: $267,734 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. The consolidated entity has a credit risk exposure with Valdrew Nominees Pty Ltd t/a Nagrom, which as at 30 June 2016 owed the consolidated entity $39,468 (2015: Nil trade receivables). This balance was within its terms of trade and no impairment was made as at 30 June 2016. There are no guarantees against this receivable but management closely monitors the receivable balance on a monthly basis and is in regular contact to mitigate risk.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise cleared as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group and the parent entity are confined to trade and other payables as disclosed in the Balance Sheet. All trade and other payables are non-interest bearing and due within 12 months of the balance sheet date. Given the relative size of the cash reserves, the Group is not currently exposed to any significant liquidity risk.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

3. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

	2016 $	2015 $
Current assets	17,313,708	23,217,461
Non-current assets	15,766,253	28,792,980
Total assets	33,079,961	52,010,441
Current liabilities	104,123	270,346
Total liabilities	104,123	270,346
Net assets	32,975,838	51,740,095
Shareholders' equity		
Contributed equity	66,631,264	78,401,603
Reserves	571,240	690,892
Accumulated profit/(loss)	(34,226,666)	(27,352,400)
Net equity	32,975,838	51,740,095
(Loss)/profit for the year after tax	(6,874,267)	(7,785,671)
Total comprehensive income/(loss)	(6,874,267)	(7,785,671)

Notes to the Financial Statements cont.

(b) Guarantees entered into by parent entity

	2016 $	2015 $
Unconditional performance bonds issued in relation to credit card and rental obligations	30,200	352,000

The parent entity has provided a bank guarantee to secure its obligation to remaining variable outgoings within one year of expiry of previous lease contracts. This guarantee is secured by a cash deposit of equivalent or greater value lodged with the issuing bank (see Note 8).

(c) Contingent Liabilities of parent entity

Details and estimate of maximum amounts of contingent liabilities for which no provision is included in the accounts are as follows:

	2016 $	2015 $
Unconditional performance bonds issued in relation to credit card and rental obligations	30,200	352,000

No losses are anticipated in respect of any of these contingent liabilities, and therefore no provision for loss has been made in these accounts. Refer to note 20 for details of other contingent liabilities.

(d) Contractual commitments for the acquisition of property, plant and equipment

The Company has no contractual commitments for the acquisition of property, plant and equipment (2015: Nil).

4. REVENUE

From continuing operations

	Consolidated Group	
	2016 $	2015 $
Reimbursement of exploration costs	302,285	404,789
Other revenue	139,593	226,112
Interest	678,716	953,537
	1,120,594	1,584,438

5. PROFIT/(LOSS) FOR THE YEAR

Expenses

	Consolidated Group	
	2016 $	2015 $
Impairment of property, plant & equipment	-	1,015,105
Lease payments	299,306	463,297
Exploration expenditure	506,009	1,057,689

Notes to the Financial Statements cont.

6. INCOME TAX EXPENSE

		Consolidated Group	
		2016	**2015**
		$	**$**
(a)	The components of tax expense/(benefit) comprise:		
	Current tax	939,808	-
	Deferred tax	-	-
	Losses recouped not previously recognised	(939,808)	-
	Income tax expense reported in the statement of profit and loss and other comprehensive income	-	-
(b)	Numerical reconciliation of income tax expense/(benefit) to prima facie tax expense/(benefit):		
	Profit/(loss) from continuing operations	(1,950,688)	(10,622,199)
	Profit/(loss) from discontinued operations	6,288,572	-
	Profit/(loss) before income tax expenses/(benefit)	4,337,884	(10,622,199)
	Prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax at 30% (2015: 30%)	1,301,365	(3,186,660)
	Add tax effect of:		
	- Non-allowable items	675	45,097
	- Deferred tax balances not recognised	-	1,424,245
	- Revenue losses not recognised	-	1,728,205
		1,302,040	10,887
	Less tax effect of:		
	- Non-assessable items	3,660	10,887
	- Deferred tax balances not recognised	358,572	-
	- Losses recouped not previously recognised	939,808	-
	Income tax expense reported in the statement of profit and Loss and other comprehensive income	-	-
(c)	Deferred tax recognised:		
	Deferred tax liabilities:		
	Accrued interest	(20,611)	(22,074)
	Other	(231)	(1,261)
	Deferred tax assets:		
	Carry forward revenue losses	20,842	23,335
	Net deferred tax	-	-
(d)	Deferred tax not recognised:		
	Deferred tax assets:		
	Carry forward losses	13,010,074	13,949,882
	Capital raising and restructuring costs	983,381	1,311,866
	Property, plant & equipment	1,145,836	1,145,836
	Exploration and development	27,675	27,675
	Provisions and accruals	12,889	39,174
		15,179,855	16,474,433

The tax benefits of the above Deferred Tax Assets will only be obtained if :

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
(b) the company continues to comply with the conditions for deductibility imposed by law; and
(c) no changes in income tax legislation adversely affect the company in utilising the benefits.

The 2015 comparative has been adjusted to be consistent with the 2016 format. There has been no change to the 2015 current and deferred taxes.

Notes to the Financial Statements cont.

Tax consolidation

(i) Members of the tax consolidated group

Bauxite Resources Limited and its wholly owned Australian resident subsidiaries have formed a tax consolidated group with effect from 10 June 2008. Bauxite Resources Limited is the head entity of the tax consolidated group.

(ii) Tax effect accounting by members of the tax consolidated group

Measurement method adopted under UIG 1052 Tax Consolidated Accounting

The group has applied the Stand-Alone Taxpayer approach in determining the appropriate amount of current and deferred taxes recognised by members of the tax consolidated group. Each entity in the group recognises its own current and deferred tax assets and liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits and any current tax liability. Deferred tax assets resulting from unused tax losses and tax credits and the current tax liability are assumed and recognised by the parent entity. The group has not entered into any tax sharing or funding agreements.

7. DISCONTINUED OPERATIONS

On the 30 November 2015 it was announced that the final agreements with Yankuang for sale of the joint venture interest and buyback of shares was signed pending approval by BRL Shareholders and State-Owned Assets Supervision and Administration Commission of the Peoples Republic of China ("SASAC"). SASAC approval was granted on the 10 December 2015, BRL Shareholders approved the sale at an Extraordinary General Meeting on the 18 January 2016 and the sale completed on the 21 January 2016.

	Consolidated Group	
	2016 $	2015 $
Financial performance information		
Interest income	1,868	7,650
Exploration expenses as incurred	(437,586)	(1,257,293)
Bankable feasibility and other studies	(97,103)	(307,938)
Depreciation and amortisation expense	(4,167)	(39,120)
Profit / (loss) before income tax	(536,988)	(1,596,701)
Income tax expense	-	-
Profit after income tax expense	(536,988)	(1,596,701)
Profit on disposal before income tax expense	6,825,560	-
Income tax expense	-	-
Profit / (loss) on disposal after income tax expense	6,825,560	-
Profit / (loss) after income tax expense from discontinued operations	6,288,572	(1,596,701)

	Consolidated Group	
	2016 $	2015 $
Cash flow information		
Net cash inflow/(outflow) from operating activities	(546,300)	(1,430,137)
Net cash inflow/(outflow) from investing activities	-	(3,684)
Net increase / (decrease) in cash and cash equivalents from discontinued operations	(546,300)	(1,433,821)

Notes to the Financial Statements cont.

	Consolidated Group
	2016 $
Carrying amounts of assets and liabilities disposed	
Trade and other receivables	341,819
Other financial assets	1,393
Property, plant and equipment	27,178
Total assets	370,390
Trade and other payables	3,480
Provisions	3,060
Total liabilities	6,540
Net assets	363,850

	Consolidated Group	
	2016 $	2015 $
Details of the disposal		
Net sale consideration	7,189,410	-
Carrying amount of net assets disposed	(363,850)	-
Profit / (loss) on disposal before income tax	6,825,560	-
Income tax expense	-	-
Profit / (loss) on disposal after income tax expense	6,825,560	-

8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2016 **$**	**2015** **$**
Cash at bank and in hand	413,451	738,499
Short-term deposits	16,522,694	22,259,694
Cash and cash equivalents as shown in the balance sheet and the statement of cash flows	16,936,145	22,998,193

9. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2016 **$**	**2015** **$**
Trade debtors	23,749	203,943
Sundry receivables	30,242	303,190
Accrued interest income	68,706	73,582
Prepayments	54,865	155,281
	177,562	735,996

The class of assets described as “trade and other receivables” is considered to be the main source of credit risk related to the Group.

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

“Sundry receivables” includes a bank guarantee to secure its obligation to remaining variable outgoings within one year of expiry of previous lease contracts.

Notes to the Financial Statements cont.

	Gross Amount	Past due but not impaired (days overdue)			
		< 30	31–60	61–90	> 90
2016					
Trade and debtors	23,749	4,886	2,663	11,181	-
2015					
Trade and debtors	203,943	44,045	14,229	-	-

10. NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

	Consolidated Group	
	2016 $	2015 $
Bonds & security deposits & loans receivable	200,000	360,358
	200,000	360,358

11. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2016 $	2015 $
Plant and equipment		
Cost	2,134,113	2,837,657
Accumulated depreciation	(1,948,117)	(2,024,243)
Net book amount	185,996	813,414
Plant and equipment		
Opening net book amount	813,414	1,449,459
Sale of the business	(13,092)	-
Depreciation charge	(474,027)	(220,940)
Impairments	-	(415,105)
Disposals	(140,299)	-
Closing net book amount	185,996	813,414
Motor Vehicles		
Cost	85,023	437,206
Accumulated depreciation	(71,254)	(354,538)
Net book amount	13,769	82,668
Motor Vehicles		
Opening net book amount	82,668	138,260
Sale of the business	(7,111)	-
Additions	-	1,815
Depreciation charge	(9,134)	(51,090)
Disposals	(52,654)	(6,317)
Closing net book amount	13,769	82,668
Property and buildings		
Cost	2,389,956	2,389,956
Accumulated depreciation	(64,313)	(64,313)
Net book amount	2,325,643	2,325,643
Property and buildings		
Opening net book amount	2,325,643	2,936,380
Depreciation charge	-	(10,737)
Impairments	-	(600,000)
Closing net book amount	2,325,643	2,325,643

Notes to the Financial Statements cont.

	Consolidated Group	
	2016	2015
	$	$
Software		
Cost	251,121	295,944
Accumulated depreciation	(248,920)	(287,810)
Net book amount	2,201	8,134
Software		
Opening net book amount	8,134	22,642
Sale of the business	(1,584)	-
Depreciation charge	(4,349)	(14,508)
Closing net book amount	2,201	8,134
Exploration equipment		
Cost	180,902	209,912
Accumulated depreciation	(167,847)	(185,663)
Net book amount	13,055	24,249
Exploration equipment		
Opening net book amount	24,249	34,541
Sale of the business	(3,547)	-
Additions	-	1,489
Depreciation charge	(6,248)	(11,781)
Disposals	(1,399)	-
Closing net book amount	13,055	24,249
Furniture and Fittings		
Cost	4,621	147,006
Accumulated depreciation	(3,626)	(125,738)
Net book amount	995	21,268
Furniture and Fittings		
Opening net book amount	21,268	47,654
Sale of the business	(5,752)	-
Additions	-	379
Depreciation charge	(8,950)	(26,765)
Disposals	(5,571)	-
Closing net book amount	995	21,268
Computer equipment		
Cost	110,007	171,159
Accumulated depreciation	(109,435)	(163,477)
Net book amount	572	7,682
Computer equipment		
Opening net book amount	7,682	19,515
Sale of the business	(258)	-
Depreciation charge	(6,585)	(11,833)
Disposals	(267)	-
Closing net book amount	572	7,682
Leasehold Improvements		
Cost	-	809,233
Accumulated depreciation	-	(576,895)
Net book amount	-	232,338
Leasehold Improvements		
Opening net book amount	232,338	469,145
Depreciation charge	(231,119)	(236,807)
Disposals	(1,219)	-
Closing net book amount	-	232,338

Notes to the Financial Statements cont.

	Consolidated Group	
	2016 $	2015 $
Total Assets		
Cost	5,155,743	7,298,073
Accumulated depreciation	(2,613,512)	(3,782,677)
Net book amount	2,542,231	3,515,396
Total Assets		
Opening net book amount	3,515,396	5,117,596
Sale of the business	(31,344)	-
Additions	-	3,683
Depreciation charge	(740,412)	(584,461)
Impairments	-	(1,015,105)
Disposals	(201,409)	(6,317)
Closing net book amount	2,542,231	3,515,396

Impairment Losses – Property, Plant & Equipment

There was no impairment loss of property, plant & equipment recognised in the statement of profit or loss during the year (2015: $1,015,105). The directors reviewed the carrying amounts of property, plant and equipment with items being written down to their estimated realisable value, where required. In estimating the realisable value of items reference was made to their market prices as a benchmark.

12. CURRENT LIABILITIES

		Consolidated Group	
		2016 $	2015 $
(a)	**Trade and other payables**		
	Trade payables	46,064	183,627
	GST and tax liabilities	54	(21,059)
	Other payables and accruals	44,923	63,662
		91,041	226,230
(b)	**Provisions**		
	Annual and long service leave provisions		
	Opening balance at 1 July	79,781	72,252
	Additional provisions	3,518	127,339
	Amounts used	(70,217)	(119,810)
	Balance at 30 June	13,082	79,781

The provision represents annual leave and long service leave obligations expected to be settled within 12 months of the balance date and are measured at the amounts expected to be paid when the liabilities are settled.

13. CONTRIBUTED EQUITY

			2016		2015	
		Notes	Number of securities	$	Number of securities	$
(a)	**Share capital**					
	Ordinary shares fully paid	13b, 13d		66,631,264		78,401,613
	Total contributed equity			66,631,264		78,401,613

Notes to the Financial Statements cont.

			2016		2015	
		Notes	Number of securities	$	Number of securities	$
(b)	**Movements in ordinary share capital**					
	Beginning of the financial year		231,897,696	78,401,613	231,483,496	87,651,716
	Issued during the year:		2,104,640	107,452	414,200	33,549
	Capital returned		-	(10,715,117)	-	(9,275,908)
	Bought back		(19,700,000)	(1,150,000)	-	-
	Less: Transaction costs		-	(12,684)	-	(7,744)
	End of the financial year		214,302,336	66,631,264	231,897,696	78,401,613

		Consolidated Group	
		2016 $	2015 $
(c)	**Movements in options on issue**		
	Beginning of the financial year	2,000,000	2,000,000
	Exercised, cancelled or expired during the year:	(2,000,000)	-
	End of the financial year	-	2,000,000

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(e) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2016 and 30 June 2015 are as follows:

	Consolidated Group	
	2016 $	2015 $
Cash and cash equivalents	16,936,145	22,998,193
Trade and other receivables	177,562	735,996
Trade and other payables	(91,041)	(226,230)
Working capital position	17,022,666	23,507,959

14. RESERVES AND ACCUMULATED LOSSES

		Consolidated Group	
		2016 $	2015 $
(a)	**Reserves**		
	Share-based payments reserve		
	Balance at beginning of year	690,892	580,953
	Performance shares converted to ordinary shares	(107,452)	(33,549)
	Employees and contractors performance rights issued	37,982	143,488
	Employees and contractors share options lapsed/cancelled	(50,182)	-
	Balance at end of year	571,240	690,892
(b)	**Retained earnings / (accumulated losses)**		
	Balance at beginning of year	(51,788,573)	(41,166,374)
	Net profit/(loss) for the year	4,337,884	(10,622,199)
	Balance at end of year	(47,450,689)	(51,788,573)

15. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel ("KMP") for the year ended 30 June 2016.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	Consolidated Group	
	2016 $	2015 $
Short-term benefits	1,002,951	1,286,828
Post-employment benefits	72,388	88,790
Termination benefits	208,918	-
Share-based payments	(3,463)	116,114
	1,280,794	1,491,732

The Company has taken advantage of the relief provided by AASB 2008-4 Amendments to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in sections A-H of the remuneration report on pages 16 to 21.

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits, consultancy fees and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's superannuation contributions made during the year.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Notes to the Financial Statements cont.

17. ASSOCIATES AND JOINT ARRANGEMENTS

As detailed in note 7, on the 21 January 2016, the Company completed sale of the Bauxite Alumina Joint Ventures including the investment in Bauxite Alumina Joint Ventures Pty Ltd and the joint operations Bauxite Resources Joint Venture and Alumina Refinery Joint Venture.

(a) Joint venture - Bauxite Alumina Joint Venture Pty Ltd

The Group had a 50% interest in Bauxite Alumina Joint Venture Pty Ltd, a jointly controlled entity. This Joint Venture entity acted as the Manager of the Joint Operations in (b) and (c) below. The entity received Management Fees for its services. Interests in joint ventures were accounted for using the equity method of accounting. In accordance with AASB 128 Investment in Associates and Joint Venture, the joint venture has a carrying amount of Nil.

Information about this Joint Venture is presented below:

Name	Place of Business / Incorporation	Classification	Proportion of Ordinary Share Interests		Measurement Method	Carrying Amount	
			2016 %	2015 %		2016 $	2015 $
Bauxite Alumina Joint Venture Pty Ltd	Perth, Australia	Joint Venture	-	50	Equity Method	-	-

Set out below is the summarised financial information for Bauxite Alumina Joint Venture Pty Ltd. Unless otherwise stated, the disclosed information reflects the amounts presented in the Australian Accounting Standards financial statements of Bauxite Alumina Joint Venture Pty Ltd. The following summarised financial information, however, reflects the adjustments made by the Group when applying the equity method. This entity has the same financial year end as Bauxite Resources Limited.

	Bauxite Alumina Joint Venture Pty Ltd	
	2016 $	2015 $
Summarised Financial Position		
Current assets	-	118,903
Non-current assets	-	1,100,665
Current liabilities	-	1,281,652
Non-current liabilities	-	-
Net assets	-	(62,084)
Group's Share	-	50%
Group's Share of joint venture's net assets - unrecognised	-	(31,042)
Summarised Financial Performance		
Income	-	31,408
Expenses	-	-
Income tax expense	-	(5,737)
Net profit / (loss) after tax	-	25,671
Group's Share	50%	50%
Group's Share of joint venture's net profit/(loss) after tax	-	-
Reconciliation to Carrying Amounts		
Group's share of joint venture's opening net assets	-	-
Group's share of joint venture's net profit/(loss) after tax	-	-
Group's share of joint venture's closing net assets (Closing carrying amount of investment)	-	-

Notes to the Financial Statements cont.

Pursuant to AASB 128 Investments in Associates, the Group has discontinued to recognise its share of further losses. When the joint venture entity subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised. At 30 June 2016, the total share of unrecognised losses amounted to Nil.

(b) Joint operation - Alumina Refinery Joint Venture

The Group had a 10% interest in the Alumina Refinery Joint Venture ("ARJV"), whose principal activity was to determine:

i. the feasibility of planning, developing, constructing and operating an Alumina Refinery; and
ii. if feasible, planning developing, constructing, operating and maintaining the Alumina Refinery.

(c) Joint operation - Bauxite Resource Joint Venture

The Group had a 30% interest in the Bauxite Resource Joint Venture, whose principal activity is exploring the tenements owned by BRL in the Darling Range of Western Australia.

(d) Summarised financial information for joint operations

The Company had determined that the Bauxite Resource Joint Venture and the Alumina Refinery Joint Venture both meet the definition of "joint operation" under IFRS 11. Accordingly the following amounts are included in the Group's consolidated financial statements representing the Group's share of the assets liabilities, income and expenses of the Joint Ventures above:

	Bauxite Resource Joint Venture		Alumina Refinery Joint Venture	
	2016 $	2015 $	2016 $	2015 $
Summarised Financial Position				
Current assets	-	735,580	-	93,745
Non-current assets	-	31,344	-	-
Current liabilities	-	38,837	-	400
Net Assets	-	728,087	-	93,345
Summarised Financial Performance				
Income	1,470	6,478	398	1,172
Expenses	(533,420)	(1,603,878)	(5,436)	(473)
Net profit / (loss) after tax	(531,950)	(1,597,400)	(5,038)	699

The figures above refer to BRL's share of the assets liabilities, income and expenses of the joint operations as at 30 June 2016.

(e) Exploration Commitments

Bauxite Resource Joint Venture		
	2016 $	2015 $
Share of expenditure commitments of jointly controlled entities		
Exploration commitments		
Payable within one year	-	307,567
Payable later than one year but not later than five years	-	285,800
	-	593,367

The commitments above refer to BRL's share of granted tenements as at 30 June 2016. The commitments of the joint ventures are disclosed in note 21.

(f) HD Mining & Investment Pty Ltd

The Group has entered into a Farm-in arrangement with HD Mining & Investment Pty Ltd ("HDMI") to carry out exploration on tenements, and if warranted, to develop and exploit the tenements and carry out mining operations for the purpose of deriving production of Bauxite from them. HDMI has agreed to fund all costs to earn up to a maximum of 60% Participating Interest.

Notes to the Financial Statements cont.

18. OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

— the products sold and/or services provided by the segment;
— the manufacturing process;
— the type or class of customer for the products or services;
— the distribution method; and
— any external regulatory requirements

Types of products and services by segment

i. Exploration

The Group has continued its exploration activities on its tenements.

ii. Bankable feasibility and other studies

The Company has completed studies for the further development of its resources.

iii. Administration & Other

The administration area supports the above exploration and studies segments.

Basis of accounting for purposes of reporting by operating segments

a. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

b. Inter-segment transactions

An internally determined transfer price is set for all inter-segment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's-length. All such transactions are eliminated on consolidation of the Group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

c. Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

d. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Notes to the Financial Statements cont.

e. Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Derivatives
- Net gains on disposal of available-for-sale investments
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Other financial liabilities
- Intangible assets
- Discontinuing operations
- Retirement benefit obligations

i. Segment performance

	Exploration	BFS & other studies	Administration & other	Total
	$	$	$	$
30 June 2016				
REVENUE				
Recoupment of exploration costs	302,285	-	-	302,285
Inter-segment sales	-	-	-	-
Interest revenue	-	-	678,716	678,716
Other revenue	-	-	139,594	139,594
Total segment revenue	302,285	-	818,310	1,120,595
Segment net loss before tax	(203,724)	-	(1,006,552)	(1,210,276)
Reconciliation of segment result to group net profit/loss before tax				
i. Amounts not included in segment result but reviewed by Board				
— Depreciation and amortisation				(740,412)
— Income tax expense				-
Net loss before tax from continuing operations				(1,950,688)

ii. Segment performance

	Exploration	BFS & other studies	Administration & other	Total
	$	$	$	$
30 June 2015				
REVENUE				
Recoupment of exploration costs	404,789	-	-	404,789
Inter-segment sales	-	-	-	-
Interest revenue	-	-	953,537	953,537
Other revenue	-	-	226,112	226,112
Total segment revenue	404,789	-	1,179,649	1,584,438
Segment net loss before tax	(2,925,297)	-	(5,554,861)	(8,480,158)
Reconciliation of segment result to group net profit/loss before tax				
i. Amounts not included in segment result but reviewed by Board				
— Depreciation and amortisation				(545,340)
— Income tax expense				-
Net loss before tax from continuing operations				(9,025,498)

iii. Segment assets

	Exploration	BFS & other studies	Administration & other	Total
	$	$	$	$
30 June 2016				
Segment assets	50,793	-	19,805,145	19,855,938
Total group assets				19,855,938
30 June 2015				
Segment assets	645,635	20,970	26,943,338	27,609,943
Total group assets				27,609,943

iv. Segment liabilities

	Exploration	BFS & other studies	Administration & other	Total
	$	$	$	$
30 June 2016				
Segment liabilities	4,258	-	99,865	104,123
Total group liabilities				104,123
30 June 2015				
Segment liabilities	67,582	400	238,029	306,011
Total group liabilities				306,011

v. Major Customers

The Group has one major party that it received monies from in relation to recoupments for exploration costs (seen within the exploration segment above). 100% (2015: 100%) of this item was received from one external entity.

19. REMUNERATION OF AUDITORS

		Consolidated Group	
		2016 $	2015 $
(a)	**Audit services**		
	Moore Stephens - audit and review of financial reports	35,993	49,273
	Total remuneration for audit services	35,993	49,273
(b)	**Non-audit services**		
	Moore Stephens – taxation services	22,667	25,692
	Total remuneration for other services	22,667	25,692

20. CONTINGENCIES

The Company is not aware of any contingent liabilities as at 30 June 2016 or at the date of this report.

21. COMMITMENTS

		Consolidated Group 2016 $	Consolidated Group 2015 $
(a)	**Exploration commitments**		
	The Company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:		
	within one year	365,485	907,355
	later than one year but not later than five years	741,118	1,242,274
	Later than five years	-	-
		1,106,603	2,149,629
(b)	**Commercial property lease commitments**		
	within one year	12,048	432,905
	later than one year but not later than five years	-	-
	Later than five years	-	-
	Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	12,048	432,905
	The property lease is a two year lease cancellable with three months notice and rent payable monthly in advance.		

22. RELATED PARTY TRANSACTIONS

		Consolidated Group 2016 $	Consolidated Group 2015 $
(a)	**Amounts related to recoupment of expenses/payment on behalf of the JVs**		
	Bauxite Alumina Joint Ventures Pty Ltd	238,416	403,980
	Bauxite Resource Joint Venture	8,852	998
	Alumina Refinery Joint Venture	-	-
		247,268	404,978
(b)	**Amounts related to repayment for expenses paid on behalf by JVs (excluding equity contributions)**		
	Bauxite Alumina Joint Ventures Pty Ltd	1,900	9,453
	Bauxite Resource Joint Venture	9,453	12,690
	Alumina Refinery Joint Venture	-	-
		11,353	22,143
(c)	**Trade and other receivables from related parties**		
	Bauxite Alumina Joint Ventures Pty Ltd	-	34,553
	Bauxite Resource Joint Venture	-	-
	Alumina Refinery Joint Venture	-	-
		-	34,553
(d)	**Trade and other payables to related parties**		
	Bauxite Alumina Joint Ventures Pty Ltd	-	559
	Bauxite Resource Joint Venture	-	3,572
	Alumina Refinery Joint Venture	-	-
		-	4,131

Notes to the Financial Statements cont.

23. SUBSIDIARIES

Name	Country of Incorporation	Date of Incorporation	Class of Shares	Equity Holding[1]	
				2016 %	2015 %
Darling Range Pty Ltd	Australia	10 June 2008	Ordinary	100	100
Braeburn Resources Pty Ltd	Australia	24 July 2007	Ordinary	100	100
Darling Range South Pty Ltd	Australia	13 November 2008	Ordinary	100	100
Darling Range North Pty Ltd	Australia	23 March 2009	Ordinary	100	100
BRL Operations Pty Ltd	Australia	16 February 2009	Ordinary	100	100
BRL Landholdings Pty Ltd	Australia	16 February 2009	Ordinary	100	100
BRL Other Minerals Pty Ltd	Australia	25 March 2009	Ordinary	100	100
VA Holdings Pty Ltd	Australia	13 February 2009	Ordinary	100	100
Bauxite Alumina Joint Ventures Pty Ltd	Australia	12 January 2011	Ordinary	-	50

Note 1 - The proportion of ownership interest is equal to the proportion of voting power held.

24. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No matters or circumstance have arisen since 30 June 2016 which significantly affected or could significantly affect the operations of the consolidated group in future financial years.

25. CASH FLOW STATEMENT

Reconciliation of net profit or loss after income tax to net cash flows from operating activities

	Consolidated Group	
	2016 $	2015 $
Net profit/(loss) for the year	4,337,884	(10,622,199)
Non cash Items		
Depreciation and amortisation	744,579	584,461
Share-based payments expense	(12,200)	143,488
Revaluation of property, plant and equipment	-	1,015,105
Reclassify security deposit from non-current to current	30,200	-
Net (gain)/loss on disposal of property, plant and equipment	(106,281)	(2,410)
Net (gain)/loss on sale of business	(6,825,560)	-
Sale of business working capital movements	(335,281)	-
	(2,166,659)	(8,881,555)
Movements in working capital, net of effects from purchase of controlled entities		
(Increase)/ Decrease in trade and other receivables	558,434	248,758
Increase/ (Decrease) in trade and other payables	(201,888)	(25,662)
Net cash inflow/(outflow) from operating activities	(1,810,113)	(8,658,459)

Notes to the Financial Statements cont.

26. EARNINGS PER SHARE

(a) Reconciliation of earnings used in calculating earnings per share

	Consolidated Group	
	2016 $	2015 $
Continuing operations	(1,950,688)	(9,025,498)
Discontinued operations	6,288,572	(1,596,701)
Profit or loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	4,337,884	(10,622,199)

(b) Weighted average number of shares used as the denominator

	Consolidated Group	
	2016 Number of shares	2015 Number of shares
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	224,658,920	231,854,574
Weighted average number of dilutive options outstanding	1,293,151	2,000,000
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	225,952,071	233,854,574

All performance rights on issue are considered anti-dilutive and have not been included in the calculation of diluted earnings per share.

27. SHARE-BASED PAYMENTS

Director Options and the Employees and Contractors Option Plan

The Company provides benefits to employees and contractors of the Company in the form of share-based payment transactions, whereby employees and contractors render services in exchange for options to acquire ordinary shares.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

Set out below are summaries of the options granted:

	Consolidated Group			
	2016		2015	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	2,000,000	40.0	2,000,000	40.0
Granted	-	-	-	-
Forfeited/cancelled/expired	2,000,000	40.0	-	-
Exercised	-	-	-	-
Outstanding at year-end	-	-	2,000,000	40.0
Exercisable at year-end	-	-	2,000,000	40.0

The weighted average remaining contractual life of share options outstanding at the end of the financial year was Nil (2015: 0.65 years), with exercise prices of 40 cents. No options were granted during this year.

Performance Rights

Market based vesting conditions were valued using a hybrid share option pricing model that simulates the share price of the Company as at the test date using a Monte-Carlo model. For non-market based vesting conditions no discount was made to the underlying valuation model. No performance rights have been issued in the last two years.

Directors' Declaration

In the opinions of the directors' of Bauxite Resources Limited (the "Company"):

(a) the financial statements and notes and the remuneration disclosures that are contained in the Directors' Report, are in accordance with the Corporations Act 2001, including:

  (i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

  (ii) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2016 and of their performance for the financial year ended on that date;

(a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) the Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2016; and

(c) note 1 confirms that the financial statements also comply with the International Reporting Standards as issued by the International Accounting Standards Board.

(d) This declaration is made in accordance with a resolution of the directors.

Robert Nash
Chairman

Perth, 22 September 2016

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAUXITE RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Bauxite Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements* that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Audit Report Cont.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Bauxite Resources Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

a. the financial report of Bauxite Resources Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report as included in the Directors' Report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Bauxite Resources Limited for the year ended 30 June 2016 complies with s 300A of the *Corporations Act 2001*.

	MOORE STEPHENS
Suan-Lee Tan **Partner**	**Moore Stephens** **Chartered Accountants**

Signed at Perth this 22nd day of September 2016

ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows, the information is current as at 20 September 2016:

(a) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(b) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Ordinary shares	
	Number of holders	Number of shares
1 – 1,000	136	53,668
1,001 – 5,000	402	1,371,110
5,001 – 10,000	396	3,305,572
10,001 – 100,000	968	35,535,129
100,001 and over	187	174,156,857
	2,089	214,422,336
The number of equity security holders holding less than a marketable parcel (based on a 6.4 cents price) of securities are:	688	2,401,778

(c) Twenty largest shareholders

	Listed ordinary shares	
Holder name	Number of shares	Percentage of ordinary shares
1. HD Mining & Investments Pty Ltd	19,700,000	9.19%
2. Big Fish Nominees Pty Ltd	17,666,666	8.24%
3. Tailrain Pty Ltd (Childrens A/C)	17,016,667	7.94%
4. Jetosea Pty Ltd	15,791,994	7.37%
5. Dilkara Nominees Pty Ltd (Millwood Smith A/C)	12,216,667	5.70%
6. HSBC Custody Nominees Australia Ltd	7,859,211	3.67%
7. Citycorp Nominees Pty Ltd	5,104,144	2.38%
8. Middlemas Robert Samuel	4,600,000	2.15%
9. Prometheus Holdings Pty Ltd (Peter Carroll P/F)	3,192,077	1.49%
10. J P Morgan Nominees Australia Ltd	3,108,094	1.45%
11. Dilkara Nominees Pty Ltd (BMS Super A/C)	2,000,000	0.93%
12. Atkins Annette	1,807,736	0.84%
13. Canterbury Peter Damian	1,737,500	0.81%
14. Custodial Services Ltd (Beneficiaries Holding)	1,716,450	0.80%
15. Romsup Pty Ltd (Romadak S/F A/C)	1,700,000	0.79%
16. Spectral Inv Pty Ltd (Lithgow Family A/C)	1,700,000	0.79%
17. Yuen Kwan Hung + Sze M C	1,651,900	0.77%
18. Williamson T P + Jancey J (Wilian S/F A/C)	1,500,000	0.70%
19. One Managed Investments Funds Ltd (1 A/C)	1,352,184	0.63%
20. Middlemas R S + Wolseley (Middlemas S/F A/C)	1,100,000	0.51%
	122,521,290	57.15%

ASX Additional Information Cont.

(d) Substantial shareholders

The names of the substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of shares
Annette Atkins, Talrain Pty Ltd (Childrens A/c) & Associates	19,873,512
HD Mining & Investments Pty Ltd	19,700,000
Neil Lithgow and Controlled entities	17,666,666
Tailrain Pty Ltd (Childrens A/C) and Luke Atkins	17,041,667
Jetosea Pty Ltd	15,791,994
Dilkara Nominees Pty Ltd (Millwood Smith A/C)	14,516,667

(e) Schedule of interests in mining tenements

BRL TENEMENTS (100%)
BRL retain 100% interest in bauxite and other minerals on the following tenements

Tenement	Location
Darling Range Tenements (Granted)	
E70/3599	Goodenine Pool
E70/4586	Newdale
E70/4619	Yarawindah
Lort River Lithium Project (Granted)	
E74/595	Lort River

HD MINING & INVESTMENTS JOINT VENTURE TENEMENTS

The JV requires HD Mining to fund 100% of all exploration and feasibility costs to earn up to 60% of the bauxite rights. HD Mining is currently working towards obtaining 40% interest in the bauxite rights on the tenements below. This will be triggered if HD Mining enters into a binding commitment to undertake a feasibility study on the tenements. Should HD Mining and BRL make a decision to mine, HD Mining will earn an additional 20% interest in bauxite rights. BRL maintains 100% interest in other minerals. At the date of this report BRL still has 100% interest in these tenements.

Tenement	Location
Darling Range Tenement (Granted)	
E70/3160	Toodyay
E70/3405	Victoria Plains
E70/3179	Congelin
E70/3180	Dattening
E70/3890	Wandering