

**BAUXITE RESOURCES LIMITED**

ABN 72 119 699 982

**INTERIM FINANCIAL REPORT**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the period ended 30 June 2017 and any public announcements made by Bauxite Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

# 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 half-year ended 31 December 2017.

## DIRECTORS

The names of the Company's directors who held office at the end of the half-year are as follows.

Robert Nash – Non Executive Chairman

Neil Lithgow – Non Executive Director

Luke Atkins – Non Executive Director

Zhaozhong Wang – Non Executive Director

## REVIEW OF OPERATIONS

### BUSINESS DIRECTION AND BOARD STRATEGY

During the half-year ending 31 December 2017, the Company's main focus has continued on the exploration and development of the HD Mining Joint Venture and the recently generated Silica Sand projects at Albany, Esperance and Gingin, and Hard Rock Silica Quartz projects in Halls Creek, South West WA and Far North Queensland.

### EXPLORATION ACTIVITIES UNDERTAKEN UNDER THE 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.

The current JV resource stands at 87.8Mt and consists of 86.3Mt Inferred Mineral Resource and 1.5Mt Indicated Mineral Resource (refer full detail in the 2017 Annual Report Resources Statement).

#### Current Activities

BRL and HD Mining continue the evaluation of the potential for economic development of the Dionysus and the combined Ceres/Athena resource areas (Athena: 36.2Mt, 32.8% available alumina, 2.8% reactive silica, see ASX announcement 15/07/14, Dionysus: 20.3Mt, 32.6% available alumina, 3.4% reactive silica, see ASX announcement 24/03/14, Ceres 14.8Mt, 31.7% available alumina, 3.0% reactive silica, see ASX announcement 30/07/12). A resource upgrade to JORC 2012 will be completed for Ceres in early 2018.

#### SILICA

Over the last 9 months the Company has acquired a range of silica sand and hardrock projects by exploration licence applications 100% held by BRL's wholly owned subsidiary Australian Silica Quartz Pty Ltd (ASQ). These projects now consist of 2 granted exploration licences and 15 applications covering approximately 1,500km<sup>2</sup> within Western Australia and Queensland.

#### SILICA SAND PROJECTS – GINGIN, ALBANY AND ESPERANCE

The Gingin Silica Sand Project consists of two application exploration licences located 20-70km north of Perth, the Albany Silica Sand Project consists of five exploration application licences within 10-70km of the Port of Albany and the East Esperance Silica Sand Project consists of two granted exploration licences 15-75km East of the Port of Esperance.

Desktop assessment of historical exploration data is well advanced along with investigations into logistics and market considerations.

## DIRECTORS' REPORT CONT.

A number of roadside grab samples have been collected from the three Silica Sand Projects and these have returned encouraging results consistent with historically reported grades. Selected samples have been processed by washing, screening and density separation to give an indication of potential product characteristics with results up to 99.94% SiO<sub>2</sub> (refer full detail in the 14 December 2017 announcement *Silica Sand and Hardrock Silica Quartz Project Updates*).

Mineral and chemical characterisation of a selected sample from each sand project was carried out at a specialist silica laboratory in Germany indicating the sand should be suitable for the optical glass, glass sand, engineered stone and quartz filler markets.

The desktop assessments and test work programmes are expected to continue over the next half before any detailed exploration fieldwork is proposed.

### HARDROCK SILICA QUARTZ PROJECTS – WESTERN AUSTRALIA AND QUEENSLAND

The company has in application four exploration licences in the South West of Western Australia, one in the East Kimberley and three in Far North Queensland. The leases cover known quartz deposits with the potential to contain high purity silica. Preliminary fieldwork is planned for 2018.

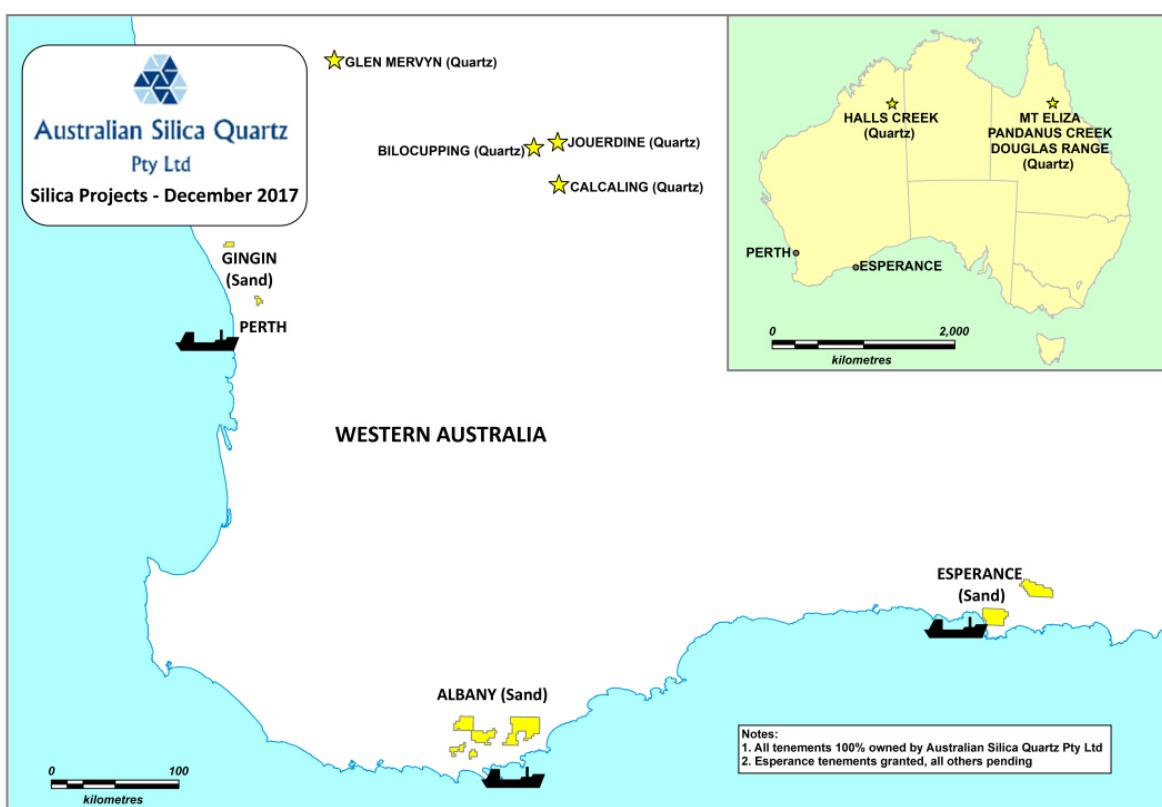


Figure 1 – ASQ Silica Project Locations

# DIRECTORS' REPORT

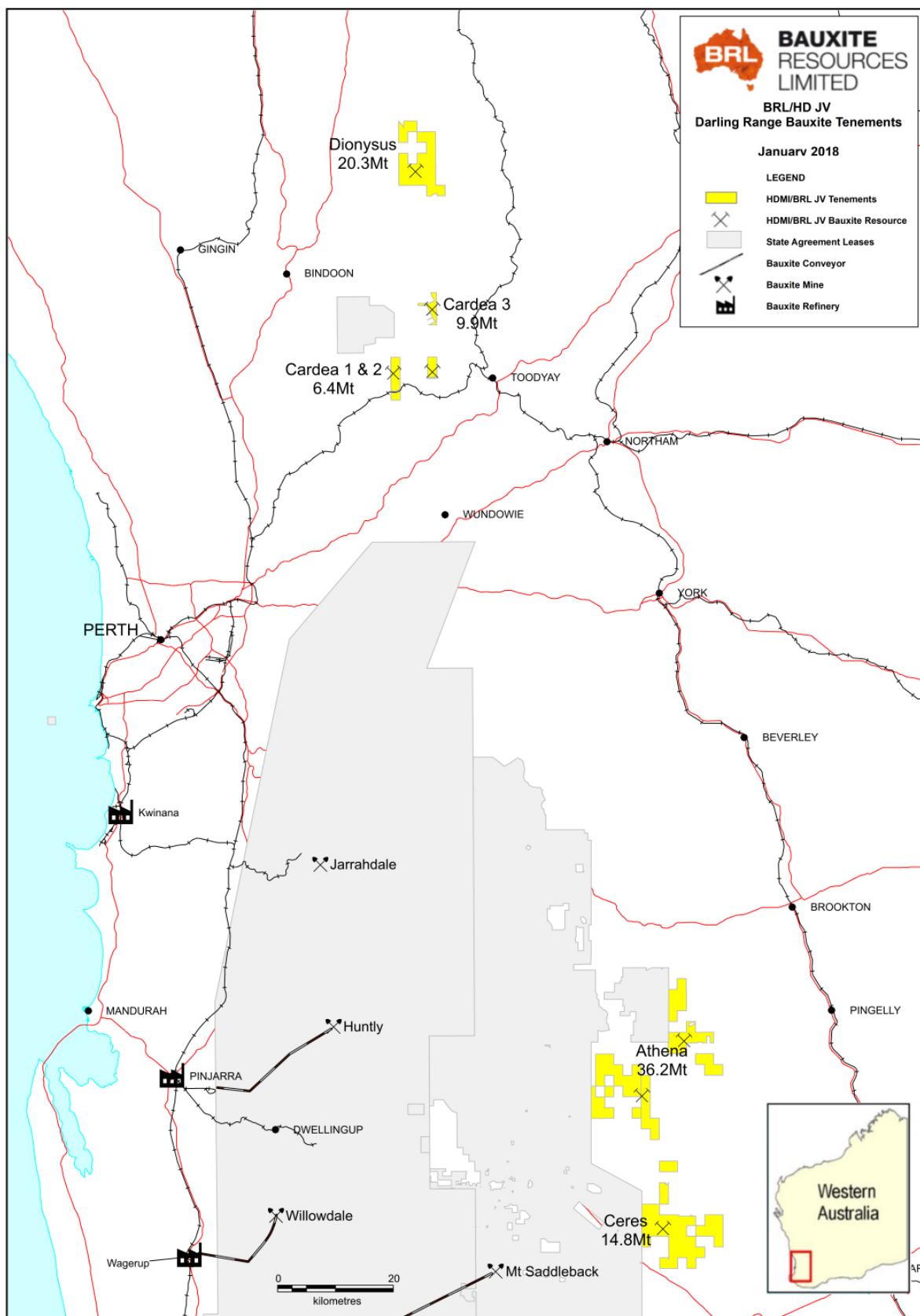


Figure 2 – BRL/HD JV Mining Darling Range bauxite tenement holding and resource locations

# DIRECTORS' REPORT CONT.

## PROPORTIONAL OFF-MARKET TAKEOVER BID FOR BAUXITE RESOURCES LIMITED

Bauxite Resources Limited (ASX:BAU) ('BRL' or 'the Company') received a Bidder's Statement for a Proportional Off-Market Cash Offer from Mercantile OFM Pty Ltd ('Mercantile OFM') at 9 cents per share for 50% of holder's shares in BRL ("Offer"). This Offer was subsequently increased to 11 cents per share on 19 January 2018.

The Company's directors engaged BDO Corporate Finance (WA) Pty Ltd ("BDO") to provide an Independent Expert's Report which included technical valuations of the Company's assets. BDO concluded that the Offer of 9 cents per share was Neither Fair or Reasonable to BRL shareholders that are not associated with Mercantile OFM and put a preferred valuation of 12.1 cents (being 34% higher than the Offer price), with a range from 11 cents to 13.3 cents per share. A subsequent update to the Experts Report concluded that the revised offer of 11 cents was Fair and Reasonable.

BRL's directors have recommended that you **TAKE NO ACTION** and **REJECT THE OFFER** for the following reasons:

- the Offer is for only 50% of your shareholding, is less than BDO's preferred value on a control basis, and remains at the lower end of BDO's valuation range on a control basis;
- if Mercantile are successful in their bid for control of BRL, shareholders will still be left with 50% of their shareholding but are likely to have little or no capacity to influence the future direction of the Company with the increased prospect that there will be little market interest in BRL's shares given that Mercantile have stated they are going to effectively liquidate the assets of the Company and exit all the mining projects;
- in contrast, if BRL's current board and management are retained, they will be able to continue to follow the combined Bauxite and Silica strategy that the Company has been undertaking which strategy offers shareholders the potential for substantial value accretion over time. In this regard the board of BRL is currently considering the potential for spinning off its wholly owned subsidiary, Australian Silica Quartz (ASQ), and undertaking an in specie distribution of shares in ASQ to all BRL's shareholders;
- BRL's current board and management have a track record for:
  - a. the orderly marketing and sale of surplus assets,
  - b. substantially reducing the operating costs of the company through reducing staff numbers, lowering premises rent through occupation of modest low key offices, and by reduction of board fees;
  - c. careful capital management through the return of surplus cash to shareholders; and
  - d. being able to internally generate at low cost new projects such as the recently announced Silica projects, with the potential to create substantial value for shareholders over time;
- the Offer does not provide an adequate premium for control of BRL given it is only a proportional takeover offer for 50% of shares;
- Mercantile's intentions are not sufficiently clear but, to the extent that BRL's board understands their intentions, their aim is to liquidate the assets of the Company and exit the mining projects which may result in significant value destruction since it takes time and patience for the realisation of full value of mining projects;
- funding for the Offer is uncertain and you may be exposed to credit risk if you accept the Offer;
- the Offer deprives the Company of the potential for an alternative opportunity; and
- by accepting the Offer, you will not have the benefit of any subsequent higher offer from any third party or benefit from any future growth of the Company given that Mercantile intend to effectively liquidate the Company.
- It is far easier to destroy a company by acting as a liquidator than it is to generate new projects and create long term value for shareholders. The vision of your current board is to do the latter

The BRL directors and their associates, who control approximately 27.8% of BRL's shares on issue, advised that they intended to **REJECT** the Offer.

# DIRECTORS' REPORT

## CORPORATE

At the Annual General Meeting on the 10 November 2017, shareholders approved the issue of Performance Rights to Directors which were issued on the 15 November 2017. Three tranches were issued with Tranche 1 expiring 10 May 2019 and requiring a 10 day VWAP 50% higher than the price at the time of shareholder approval; Tranche 2 expiring 10 November 2019 and requiring a 10 day VWAP 75% higher than the price at the time of shareholder approval and Tranche 3 expiring 10 November 2020 and requiring a 10 day VWAP 100% higher than the price at the time of shareholder approval.

On the 18 December 2017, the Company lodged a Target's Statement which include an updated valuation of the Company's properties. An impairment was made in the accounts to value these properties in line with the Target's Statement.

## CAPITAL RETURN OF 5 CENTS PER SHARE COMPLETED IN FEBRUARY 2018

BRL completed the Return of Capital of 5 cents per share as announced on 15 December 2017 and approved by Shareholders on 30 January 2018.

This was following a review of the Company's treasury position and the future financial requirements for the Company. Post the return of Capital of \$10.7m, the Company will retain cash reserves of approximately \$5.5m and the ownership of the two rural properties in the Bindoon area of Western Australia. The Company has no debt.

The Board will continue to manage the Company in the best manner in which to maximise returns to shareholders.

## 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 6 for the half-year ended 31 December 2017.

Signed in accordance with a resolution of the directors.



**Robert Nash**  
**Chairman**

Perth, 8 March 2018

## Competent Persons Statement

The information in this report that relates to the HD Mining Joint Venture (HDJV) resource base 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 2017 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.

# AUDITORS' INDEPENDENCE DECLARATION

MOORE STEPHENS

Level 15, Exchange Tower,  
2 The Esplanade, Perth, WA 6000  
PO Box 5785, St Georges Terrace,  
WA 6831

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

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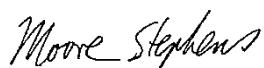
[www.moorestephens.com.au](http://www.moorestephens.com.au)

As lead auditor for the review of Bauxite Resources Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.



NEIL PACE  
PARTNER



MOORE STEPHENS  
CHARTERED ACCOUNTANTS

Signed at Perth this 8<sup>th</sup> day of March 2018

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

HALF-YEAR ENDED 31 DECEMBER 2017

	Notes	Consolidated Group	
		31 December 2017	31 December 2016
		\$	\$
<b>Continuing operations</b>			
Recoupment of exploration costs	2	109,411	89,348
Other income	2	44,742	49,466
Interest income	2	184,890	226,618
Employee benefits expense		(115,225)	(127,132)
Exploration expenses as incurred	3	(199,636)	(150,737)
Administration expenses		(479,039)	(305,510)
Depreciation and amortisation expense		(12,424)	(84,787)
Impairment of Property following Independent Valuation		(430,642)	-
Gain/(loss) on disposal of fixed assets		-	1,019
Share-based payments expense		(20,353)	-
<b>Profit / (loss) before income tax</b>		(918,276)	(301,715)
Income tax expense		-	-
<b>Loss after income tax expense for the half-year</b>		(918,276)	(301,715)
<b>Other comprehensive income</b>			
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income/(loss) for the period</b>		(918,276)	(301,715)
Loss for the half-year is attributable to:			
Owners of Bauxite Resources Limited		(918,276)	(301,715)
		(918,276)	(301,715)
<b>Earnings per share</b>			
From continuing and discontinued operations:			
Basic earnings per share (cents)		(0.43)	(0.14)
Diluted earnings per share (cents)		(0.43)	(0.14)
From continuing operations:			
Basic earnings per share (cents)		(0.43)	(0.14)
Diluted earnings per share (cents)		(0.43)	(0.14)

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

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	Consolidated Group	
		31 December 2017	30 June 2017
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		16,128,730	16,535,956
Trade and other receivables		264,750	217,837
<b>TOTAL CURRENT ASSETS</b>		<b>16,393,480</b>	<b>16,753,793</b>
<b>NON CURRENT ASSETS</b>			
Other financial assets		200,000	200,000
Property, plant and equipment		1,934,513	2,372,514
<b>TOTAL NON CURRENT ASSETS</b>		<b>2,134,513</b>	<b>2,572,514</b>
<b>TOTAL ASSETS</b>		<b>18,527,993</b>	<b>19,326,307</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		160,867	59,263
Provisions		11,925	13,920
<b>TOTAL CURRENT LIABILITIES</b>		<b>172,792</b>	<b>73,183</b>
<b>TOTAL LIABILITIES</b>		<b>172,792</b>	<b>73,183</b>
<b>NET ASSETS</b>		<b>18,355,201</b>	<b>19,253,124</b>
<b>EQUITY</b>			
Contributed equity	5	66,641,060	66,641,060
Reserves		581,572	561,219
Retained earnings / (accumulated losses)		(48,867,431)	(47,949,155)
<b>TOTAL EQUITY</b>		<b>18,355,201</b>	<b>19,253,124</b>

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

# STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2017

Consolidated Group	Notes	Issued Ordinary Capital	Option Reserve	Retained Earnings	Total
		\$	\$	\$	\$
<b>Balance at 1 July 2016</b>		66,631,264	571,240	(47,450,689)	19,751,815
Loss for the period		-	-	(301,715)	(301,715)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(301,715)	(301,715)
Performance shares converted to ordinary shares		10,021	(10,021)	-	-
Transaction costs associated with share issue		(225)	-	-	(225)
<b>Balance at 31 December 2016</b>		66,641,060	561,219	(47,752,404)	19,449,875
 <b>Balance at 1 July 2017</b>		66,641,060	561,219	(47,949,155)	19,253,124
Loss for the period		-	-	(918,276)	(918,276)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(918,276)	(918,276)
Performance rights issued during the period		-	20,353	-	20,353
<b>Balance at 31 December 2017</b>		66,641,060	581,572	(48,867,431)	18,355,201

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

# STATEMENT OF CASH FLOW

HALF-YEAR ENDED 31 DECEMBER 2017

	Notes	Consolidated Group	
		31 December 2017	31 December 2016
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		119,005	137,574
Payments to suppliers and employees		(529,974)	(473,646)
Payments for exploration expenditure		(195,208)	(152,934)
Interest received		204,016	222,522
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		(402,161)	(266,484)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipts from sales of property, plant & equipment		-	1,173
Payments for property, plant and equipment		(5,065)	-
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES		(5,065)	1,173
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of capital return costs		-	(224)
NET CASH INFLOW FROM FINANCING ACTIVITIES		-	(224)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(407,226)	(265,535)
Cash and cash equivalents at the beginning of the financial year		16,535,956	16,936,145
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>		<b>16,128,730</b>	<b>16,670,610</b>

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 authorised for issue by the directors of the Company.

### Basis of preparation

This general purpose financial report has been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2017, together with any public announcements made during the following half-year. The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

## 2. REVENUE

	Consolidated Group	
	31/12/2017	31/12/2016
	\$	\$
Reimbursement of exploration costs	109,411	89,348
Other revenue	44,742	49,466
Interest	184,890	226,618
	339,043	365,432

## 3. PROFIT/(LOSS) FOR THE HALF-YEAR

### Expenses

	Consolidated Group	
	31/12/2017	31/12/2016
	\$	\$
Lease payments	26,505	26,505
Exploration expenditure	199,636	150,737

## 4. OPERATING SEGMENTS

The Consolidated Group has adopted AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 which requires operating segments to be identified on the basis of internal reports about components of the Consolidated Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Consolidated Group operates in one operating segment and one geographical segment, being mineral exploration in Australia. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Group.

# NOTES TO THE FINANCIAL STATEMENTS CONT.

## 5. CONTRIBUTED EQUITY

			31/12/2017		31/12/2016	
		Notes	Number of securities	\$	Number of securities	
<b>(a)</b>	<b>Share capital</b>					
	Ordinary shares fully paid	5b		66,641,060	66,641,060	
	<b>Total contributed equity</b>			<b><u>66,641,060</u></b>	<b><u>66,641,060</u></b>	
<b>(b)</b>	<b>Movements in ordinary share capital</b>					
	Beginning of the half-year		214,422,336	66,641,060	214,302,336	66,631,264
	Issued during the half-year:		-	-	120,000	10,021
	Less: Transaction costs		-	-	-	(225)
	End of the half-year		<b>214,422,336</b>	<b>66,641,060</b>	<b>214,422,336</b>	<b>66,641,060</b>

### (c) 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.

## 6. CONTINGENCIES

The Company is not aware of any contingent liabilities as at 31 December 2017 or at the date of this report.

## 7. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Since the 31 December 2017 the following key events have occurred.

- On the 27 December 2017 a Notice of Meeting was announced to make a capital return of 5 cents per share which was approved by shareholders on the 30 January 2018. The return of capital was completed on the 8 February 2018, and has resulted in a total of \$10,721,117 being distributed to shareholders.
- On the 19 January 2018 Mercantile OFM Pty Ltd (“Mercantile OFM”) increased its bid from 9.0 cents cash to 11.0 cents cash for one of every two shares and extended the offer period to 28 February 2018. This was followed up by a Second Supplementary Bidder’s Statement on the 25 January 2018. The bid has subsequently been extended until 30 April 2018.
- A supplementary target statement was announced by the Directors of the Company on the 2 February 2018 recommending that shareholders reject the offer as the bid is for only 50% of their shareholding. This would leave shareholders with little capacity to influence the future direction of the Company, while the current Board and Management will be able to continue their Bauxite and Silica strategy.
- A notice of General Meeting for the 16 March 2018 was announced on the 12 February 2018. It was advised that this request for a meeting came from a shareholder under S249D of the Corporations Act 2001 (Cth), which proposed resolutions to make changes to the constitution.

No other events have arisen since 31 December 2017 which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

# DIRECTORS' DECLARATION

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

1. the financial statements and notes as set on pages 7 to 12, are in accordance with the Corporations Act 2001, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b. giving a true and fair view of the Company's and the consolidated entity's financial position as at 31 December 2017 and of their performance for the half-year ended on that date;
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



**Robert Nash**  
**Chairman**

Perth, 8 March 2018

# AUDITORS' DECLARATION

MOORE STEPHENS

Level 15, Exchange Tower,  
2 The Esplanade, Perth, WA 6000  
PO Box 5785, St Georges Terrace,  
WA 6831

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
BAUXITE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Bauxite Resources Limited which comprises the consolidated condensed statement of financial position as at 31 December 2017, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity, the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

## Directors' Responsibility for the Half-Year Financial Report

The directors of Bauxite Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Bauxite Resources Limited's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Bauxite Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, 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 review report.

# AUDITORS' DECLARATION CONT.

MOORE STEPHENS

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BAUXITE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES (CONTINUED)

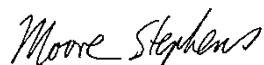
### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bauxite Resources Limited is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.



NEIL PACE  
PARTNER



MOORE STEPHENS  
CHARTERED ACCOUNTANTS

Signed at Perth this 8<sup>th</sup> March 2018