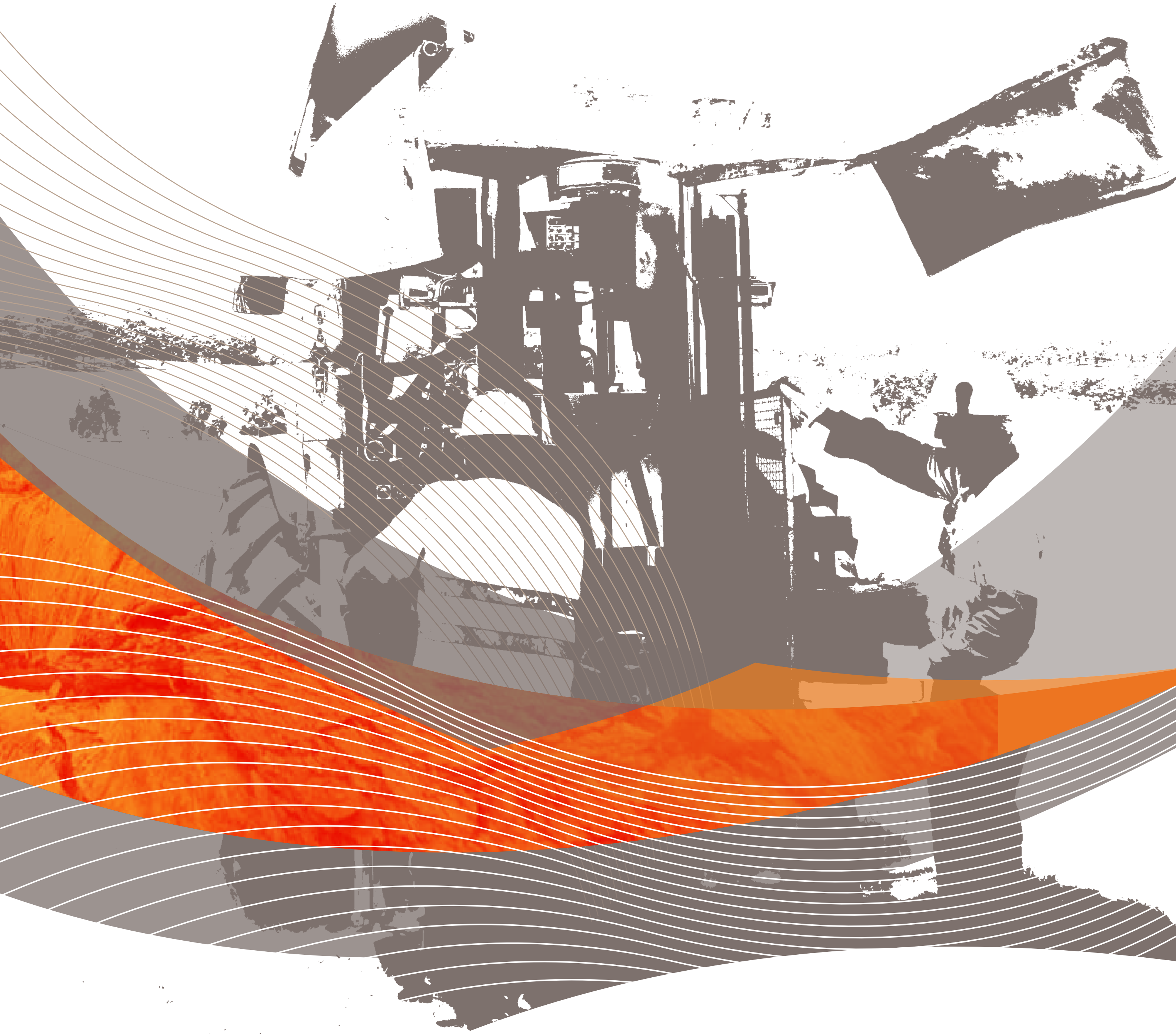
BAUXITE RESOURCES LIMITED



ANNUAL REPORT 2014

CORPORATE INFORMATION

DIRECTORS

Robert Nash - Non Executive Chairman

Peter Canterbury – Chief Executive Officer & Executive Director

Luke Atkins – Non Executive Director

Cunliang Lai – Non Executive Director

Neil Lithgow – Non Executive Director

John Sibly – 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 (Ordinary Shares)

ABN

72 119 699 982

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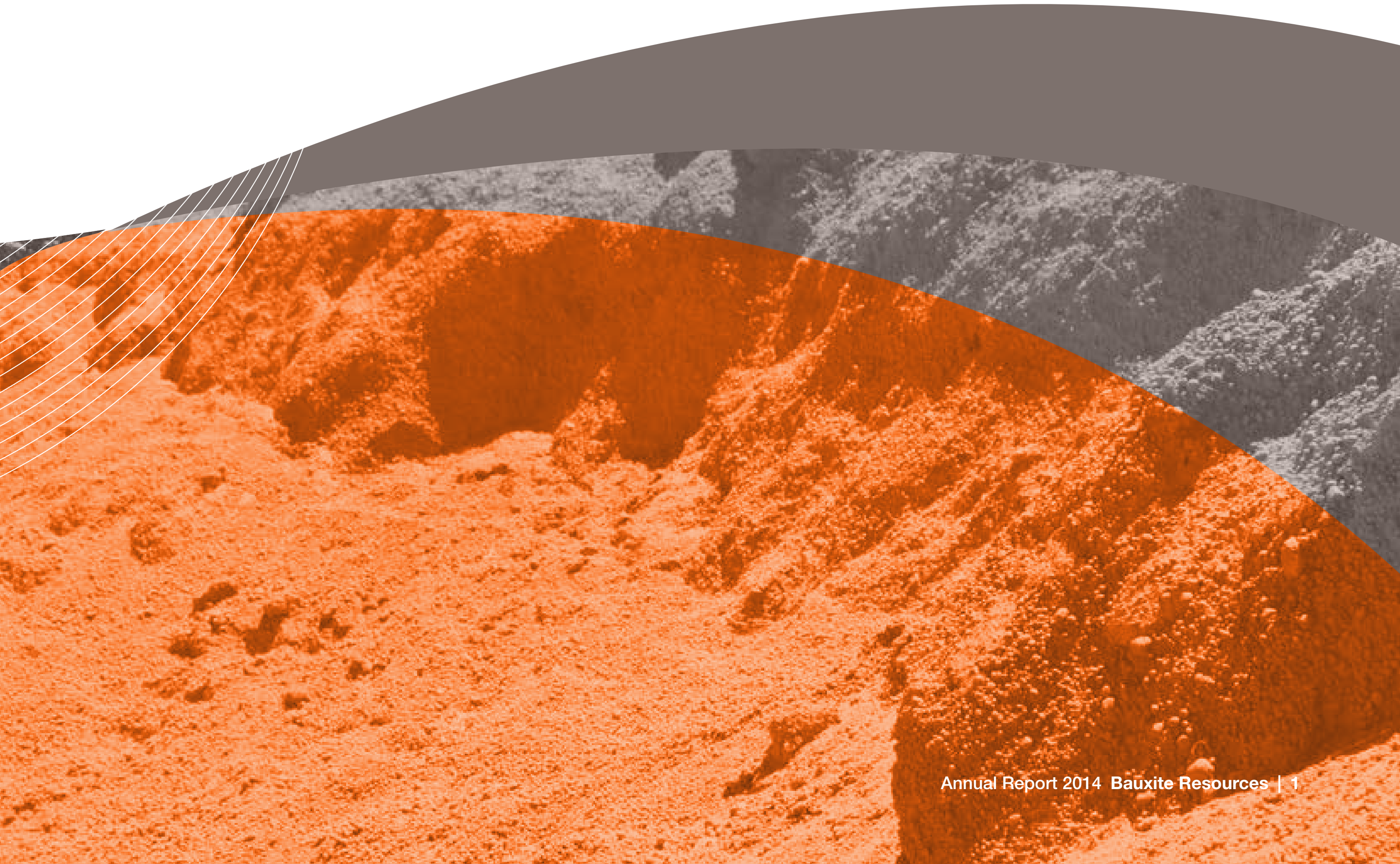


CHAIRMAN'S REPORT 2014

Dear Shareholders,

The last twelve months remained challenging for mineral explorers albeit we have seen signs of cautious optimism returning, especially in the bauxite sector. The aluminium industry generally has seen a gradual improvement in sentiment over the past twelve months.

We are optimistic that the global bauxite and alumina markets will undergo significant improvement with shortages of bauxite forecast to occur within the next two years as a consequence of projected growth in alumina refining capacity and the recent ban on Indonesian bauxite exports. Australian bauxite producers should stand to benefit given the geographical proximity to China. In the last twelve months alone we have seen the bauxite price rise from around US$50 per tonne landed in China to above US$60 per tonne.

In last year's report I outlined the Company's strategic focus. Looking back on how the Company has gone in delivering on its strategic focus over the last twelve months, I can report as follows:

1. **Cut back on the greenfields exploration of its large tenement package by focussing and limiting any future exploration to those areas which the Company has identified as highly prospective.**

   The Company undertook a strategic evaluation of the significant tenement area and ranked the various tenements on a development potential basis using internal resource targets, laterite mapping, access potential, nature of land holdings and logistics to determine where limited exploration expenditure should be focussed. This targeting enabled the prioritisation of both the Dionysus and Athena deposits which resulted in maiden resources being announced during the year.

2. **Rationalise its tenement holdings to ensure that only those that are highly prospective are kept thereby reducing the total tenement expenditure obligations.**

   During the year the focus on tenement rationalisation without risk of loss of significant resource potential was undertaken with the tenement area of the Company and its Joint Venture partners reducing from 17,710km^2 last year to currently stand at 7,905km^2. This has achieved a significant drop in the minimum expenditure requirements of the Company but at the same time expanding the resource base through low cost targeted exploration.

3. **Focus on strategies to monetise for shareholders the substantial bauxite resources that the Company and its JV partners have established over the last two to three years.**

   Whilst the Bauxite Alumina Joint Venture has not moved as quickly as the Company would like due to organisational changes within our partner Yankuang Resources, the Company has moved forward with the Fortuna deposit evaluation through the undertaking of an environment constraints study late last year and has approved a scoping study and marketing study which are currently underway. These are key steps in determining the feasibility of an export Direct Shipping Ore (DSO) operation out of Fortuna. These studies will include assessment of the use and availability of existing transport infrastructure to minimise the development capital required and will identify target Chinese alumina refinery customers for whom we believe Darling Range bauxite will provide an enhanced value proposition by reason of its special refining characteristics.

4. **Keep expenditure disciplined and focussed with a view to preserving its substantial cash resources.**

   The Company has reduced its non-core expenditure and has undertaken a cost review of all major expenditure and assets. It has also through targeted exploration minimised the cost per tonne of resource discovered.

5. **To be open to any mining investment/acquisition opportunities that may be presented to the Company if (and only if) they are assessed to have substantial value enhancement for shareholders.**

   The Company has assessed a number of investment/acquisition opportunities over the past year but none were considered viable or in the interests of our shareholders.

During last financial year the Company purchased 1,800,000 shares under the on-market share buy-back program at an average price of 12.3 cents ($0.123) per share. The share buy-back was suspended in late September 2013 following being notified of the IMF funded claim referred to below. After lengthy consideration and representations from a number of shareholders, the Board resolved, subject to shareholder approval, to make a four cents ($0.04) per share capital return to shareholders. This decision was made after the Board satisfied itself that the Company's operating and funding requirements for the next few years were adequately funded and after considering the Company's potential exposure under the IMF funded claim. At the Company's EGM held on 29 August 2014 to consider the return of capital, the Company received more than 99% support from those shareholders who voted on the proposal.

The Company recently announced that it has reached a conditional commercial settlement of the claim being advanced by IMF on behalf of a number of claimants who acquired shares in the Company in the October 2009 placement and subsequently on market. If the claimants approve the settlement, the Company will pay $5.25 million in settlement of all of the claims, including costs and interest. The remaining terms of the settlement are confidential.

The Company has consistently denied the claim, but defending a complex class action claim in the Federal Court funded by a well-resourced commercial litigation funder, would inevitably have taken up considerable Company resources to manage and would have been a substantial ongoing distraction to the Board and Company management. Legal fees alone to fight the claim to trial were expected to be in the many millions of dollars. Although the settlement sum is not insubstantial, it was considered by the Board to be in the best commercial interests of the Company to remove the negative overhang of this claim.

The Company's strategy over the next twelve months is to:

- Continue the Company's commercialisation strategy for the Fortuna deposit with a targeted development timeframe from now, subject to economics, regulatory approvals and final investment decision, of three years.
- Resolve the proposed development options under the Bauxite and Alumina Joint Venture ("BAJV") with Yankuang Resources Pty Ltd with a view of moving this world scale bauxite project ahead in the near term.
- Continue the evaluation and development of the HD Mining Joint Venture with the Shandong Bureau No1. Institute for Prospecting of Geology & Minerals (Shandong) to move the Athena and Dionysus deposits into pipeline bauxite projects.
- Continue to work on ways to monetise for shareholders the substantial bauxite interests and projects that the Company and its JV partners have established.
- Remain focused on maximising shareholder return and remain open to other development and joint venture opportunities on its extensive bauxite interests.

I thank the Board, our Chief Executive Officer, and all the executive team at Bauxite Resources who have worked diligently during the year to implement the Company's strategic direction. I also thank Mr Chenghai (David) Yang and Mr Qingwei Zhan, local based directors representing our large shareholders and joint venture partners Yankuang Resources Pty Ltd and HD Mining Pty Ltd, who retired during the year. I welcome to the Board Mr Cunliang Lai and his alternate director Mr Reinhold Schmidt, representing Yankuang Resources, and Mr Zhaozhong Wang, representing HD Mining to the Board.

Finally, on behalf of the Board, I thank you, our shareholders, for your ongoing support.

Yours sincerely,

Robert Nash
Chairman

REVIEW OF OPERATIONS

CORPORATE FOCUS

During the year the Company focused on the development of its bauxite interest in Western Australia with the objective of commercial development of bauxite and alumina capacity to support a developing market in China.

Achievements during the year include:

- Exceptional resource growth of 56% to 380 Million Tonnes
- Commencement of Scoping and Market Evaluation studies on the Fortuna Deposit
- Maiden Resources announced for Athena and Dionysus Deposits
- Significant reduction of non-prospective tenement holdings reducing tenure from 17,710km^2 to 7,905km^2
- Successful cash conservation strategy achieved cash balance at end of year of $40.9 Million

MARKET

Sentiment in global aluminium markets improved significantly during 2013/2014 with physical shortages of aluminium leading to historically high premiums. General consensus in the market place is the supply demand balance is in deficit or at best balanced, however the profitability of many aluminium producers has been challenged by high energy costs. Chinese aluminium producers have seen a marked change with high cost inefficient older smelters closing down making way for a new wave of cleaner, efficient low cost producers.

The development of the Chinese aluminium industry has come at the same time as a slowing in the growth of the Chinese economy, dropping from the high levels of the previous 10 years of around 10% to an estimated 7-7.5% per annum. Still an impressive result in current global conditions and coming off a high growth base in dollar terms a 7% growth is in fact greater than it was when growing at 10% five years ago. Chinese government urbanisation targets remain high with an estimated 100 million people expected to move to cities over the period through to 2020. It is anticipated that this will drive significant construction growth and aluminium use in Chinese construction compared to other global economies over the coming years.

“The Company believes it is well placed to be one of the leading developers of bauxite mining in the coming years due to its substantial resources close to existing rail and port infrastructure.”

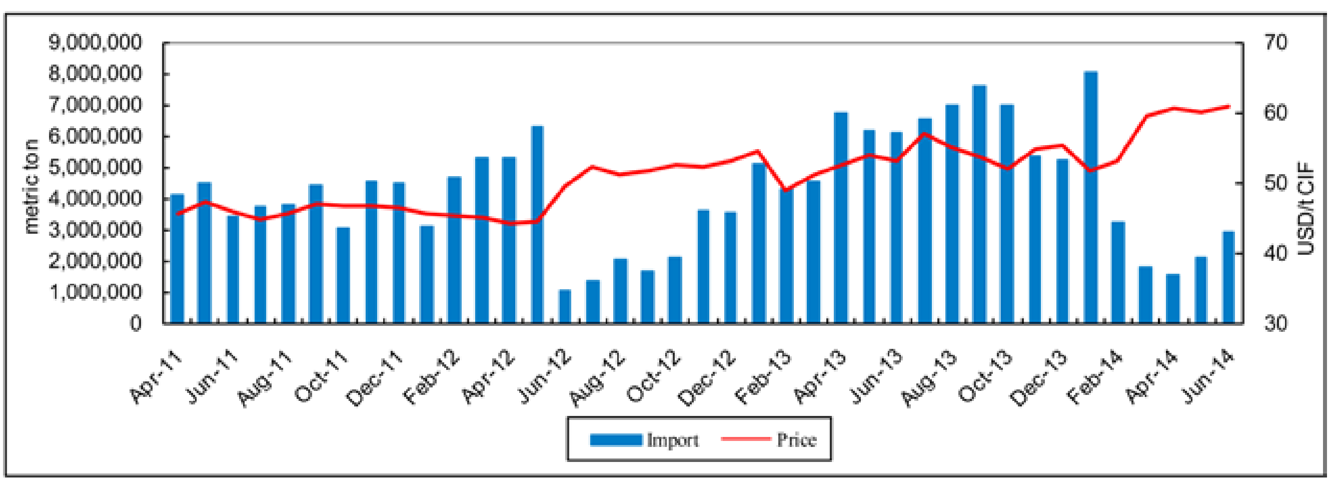
“Demand for bauxite is predicted to increase as consumption of aluminium continues to grow. Aluminium consumption is growing faster than any other metal with China dominating aluminium production.”

IMPROVING CONDITIONS FOR BAUXITE

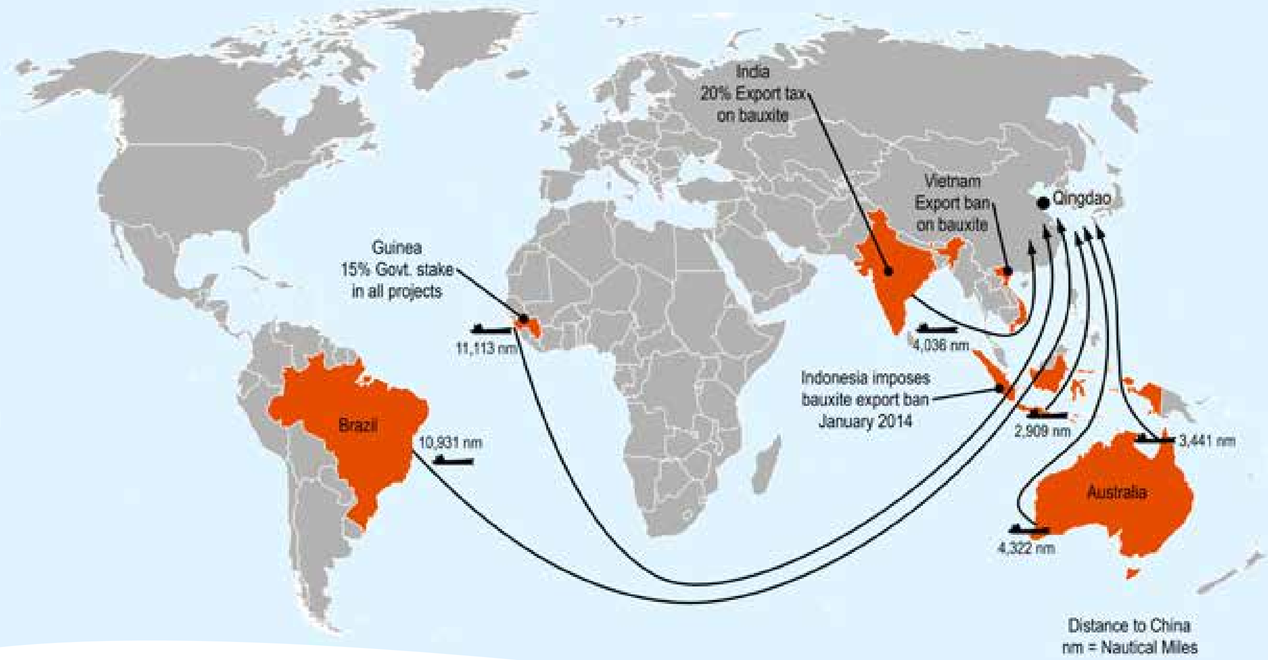
During 2013 bauxite inventories held in China saw a substantial increase due to the threatened ban on exports of bauxite and nickel ore from Indonesia. Imports into China increased to 71.5 million tonnes (Mt) in 2013 (39.7Mt in 2012) of which 48.7Mt was from Indonesia (28.7Mt in 2012). On January 12, 2014, the Indonesian President announced the immediate ban on all bauxite exports from Indonesia. Whilst 8.3Mt was received in China from Indonesia in January and February 2014 these vessels had already left Indonesia prior to the ban.

It is estimated some 12 months of supplies of bauxite had been stockpiled in China during 2013. Since January 2014 bauxite imports into China have stabilised back to the 2012 levels and stockpiles have significantly decreased. As a result we have seen a steady strengthening of the Chinese bauxite price above US$60 per tonne, cost, insurance and freight (CIF) included. Average prices on spot cargoes as at July 2014, is over US$60 per tonne even with the current stockpiles.

Chinese Bauxite Import and Average Price (CIF to Chinese Port)



Source: Antaike Alumina and Aluminium Monthly Aug 2014 No. 212.



SHIPPING ROUTES TO CHINA

WESTERN AUSTRALIA BAUXITE LOGICAL SOURCE FOR CHINESE REFINERIES

Currently India and Australia are the two major sources of bauxite into China. However India has recently increased taxes on bauxite exports in an attempt to promote local mineral development and internal use of bauxite.

Forecasts are showing that China will need to import some 85Mt of bauxite per annum by 2022 requiring around 45Mt of additional supply over 2012 levels. Australia and to a lesser extent West Africa contain the closest, largest sources of bauxite able to supply the forecast future demand for bauxite in China.

Australia, due to its location, is better situated from a logistics perspective to supply a large percentage of this additional demand. Darling Range bauxite is a very efficient bauxite to process and is located around 4,300 nautical miles from the Eastern Chinese ports compared to Guinea which is over 11,000 nautical miles from those same ports.

Imports of Bauxite into China

Country	2012	2013	H1 2013	H2 2013	H1 2014	April-June 2013	April-June 2014
India	1,073	5,392	3,442	1,950	1,681	1,923	1,481
Indonesia	28,319	48,702	21,621	27,081	8,790	12,425	45
Australia	9,423	14,289	6,677	7,612	6,752	4,006	3,670
Guinea		828	582	246	184	189	59
Dominican Republic		302		302	1,023		528
Ghana		670	165	505	459	91	255
Brazil		767	160	607	462	107	287
Guyana	132	30	30		32		32
Fiji	286	459	154	305	114	102	114
Other	474	93	45	48	204	45	154
Total	39,707	71,532	32,876	38,656	19,701	18,888	6,625

Source: Various Antaike Reports

BAUXITE RESOURCES WELL POSITIONED FOR DEVELOPMENT

The Company believes it is well placed to be one of the leading developers of bauxite mining in the coming years due to its substantial resources close to existing rail and port infrastructure. The Company has a pipeline of projects within its own 100% controlled tenements and with its two Joint Venture partners Yankuang Resources Pty Ltd and HD Mining Pty Ltd both based in Shandong Province in China, the largest importer of bauxite in China.

The Company's tenements in the Darling Range have significant potential to make Bauxite Resources Ltd a substantial bauxite player in Australia. Combined total resources defined to date of 380Mt represents the largest independent resource base of bauxite outside the major bauxite/alumina producers in Australia.

"Bauxite Resources combined total resources defined to date of 380Mt represents the largest independent resource base of bauxite outside the major bauxite/alumina producers in Australia."

COMPANY BACKGROUND

Bauxite Resources Limited ("BRL") is a Western Australian listed company focussing on the acquisition, exploration and development of bauxite mineral deposits in Western Australia.

The Company has a beneficial interest in 63 exploration licences covering 7,905km^2 (41 tenements granted covering 5,142km^2) centred around the highly prospective Darling Range in south west Western Australia, the largest bauxite and alumina producing region in the world. Alumina is Western Australian's third most valuable resource adding $4.1 billion to state revenue an increase in 2013 of 13 per cent, supported by a six per cent increase in quantity sold.[1]

Exploration of BRL's substantial land holding is through exploration by BRL in its own right as well as through the Company's established joint ventures (JV) with Yankuang Resources Pty Limited (Yankuang) and HD Mining & Investment Pty Limited (HD Mining). The JVs allow BRL to share exploration expenditure and development costs.

Current resources display attributes similar to the bauxite currently used in a number of Western Australian refineries, which are some of the lowest cost producers in the world.

A fundamental reason for the efficiency of Darling Range bauxite is due to its gibbsitic nature that requires low temperatures and pressure for alumina refining, thereby reducing refining costs. Another attractive element of the Company's resources is the low level of silica, especially reactive silica (a key determinant of caustic efficiency in alumina refining).

BRL's development strategy involves establishment of resources which are suitable for supply into the bauxite export market as well as supporting the local refining of bauxite.

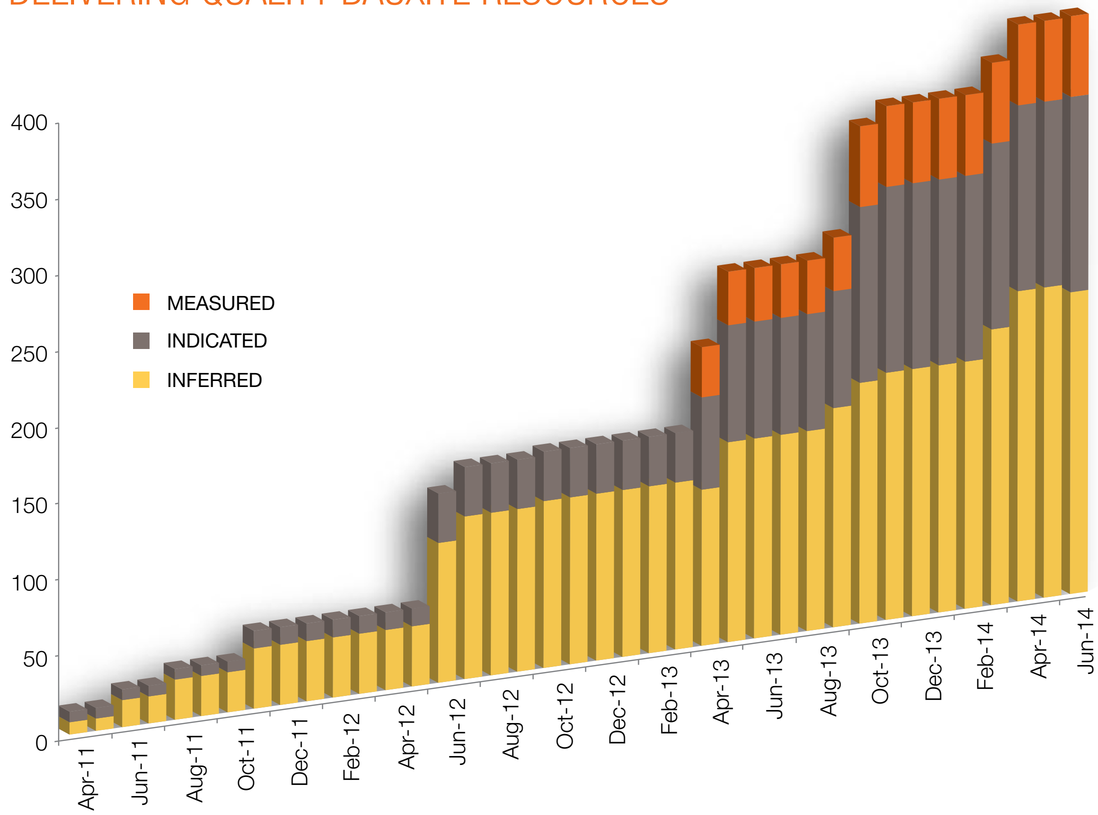
In January 2011, BRL executed JV agreements with Yankuang Resources Pty Ltd for the development of bauxite mining and alumina refining in Western Australia. As at June 30, 2014 the JV has defined 265.7Mt of bauxite of which 218.7Mt is in the JV's flagship Felicitas deposit in the northern Darling Range region. The current resource at Felicitas is now at a scale to support the development of an alumina refinery in Western Australia, which is contemplated in the Alumina Refinery Joint Venture Agreement also signed in January 2011. At this time the Joint Venture has not commenced the feasibility studies to support this alumina refinery however BRL continues to work with its partner Yankuang on options for development of local alumina refining of the Felicitas deposit and this development is a priority for the Company.

In 2010 the Company entered into a joint venture with HD Mining a wholly-owned subsidiary of the Shandong Bureau No1. Institute for Prospecting of Geology & Minerals (Shandong) to explore for bauxite. The JV allows for HD Mining to fund 100% of all exploration and feasibility costs for HD Mining to earn 60% of the bauxite rights upon a decision to mine.

BRL announced during the year two maiden resources, at Dionysus (20.3Mt at 42.1% Total Al_2O_3) in the Calingiri region, and the Athena Resource (22.7Mt at 42.3% Total Al_2O_3) in the Company's emerging Wandering region in the eastern Darling Range. The Athena resource was subsequently updated after the reporting period, taking the resource to 36.2Mt @ 41.8% Total Al_2O_3. Athena is yet to be constrained by drilling and as such has significant upside potential. It is located in close proximity to the previously released Ceres Resource of 15Mt, also in the eastern Darling Range, indicating the emergence of a potentially new bauxite district. The HD Mining joint venture covers some 981km^2 of BRL's tenements in the northern and eastern Darling Range regions. Total resources under this joint venture at the time of writing stand at 87.8Mt. The forward plan under this joint venture is to concentrate on expanding these resources to provide two significant projects for possible development of a DSO export business.

(1) Source: Department of Mines and Petroleum, Mineral and Petroleum Industry 2013 Review

BRL AND PARTNERS RESOURCE GROWTH - A TRACK HISTORY OF DELIVERING QUALITY BAUXITE RESOURCES



Note: Refer Table 1 for resource details

EXPLORATION AND DEVELOPMENT OPPORTUNITIES

During the 12 months to 30 June 2014 the Company and its joint venture partners completed exploration drilling programs in strategic target areas to expand known bauxite resources and to identify new bauxite mineralisation. A total of 3,558 vacuum drill holes were completed during the year for 17,855m.

The Company once again has experienced strong resource growth with bauxite resources of BRL and its joint venture partners increased to 380.2Mt as at June 30 (refer to Mineral Resources Table 1 for resources details). BRL considers the increase achieved to be an excellent result that provides a range of developmental opportunities for domestic and export exploitation.

DEVELOPING A PIPELINE OF HIGH QUALITY BAUXITE PROJECTS TO MEET MARKET SHORTAGES

The Company remains committed to the identification and development of a pipeline of high quality bauxite resources, with focus during the year expanding the number of key projects from two to four with the identification of the Dionysus and Athena resources, in addition to Fortuna and Felicitas. All 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 the tri-hydrate mineral gibbsite. Alumina from this type of deposit is more readily extracted at lower temperatures than mono-hydrate alumina found in other bauxite regions, and as such refining costs are significantly reduced.

BRL resources are typically on large private land holdings (cleared farmland), with excellent road and rail infrastructure nearby. Bauxite is shallow, typically with less than 2m of loose overburden, requiring limited pre-stripping. All attributes indicate potential for the Company's projects to support long life, low cost bauxite production.

The Company has commenced studies to assess the viability of establishing a Direct Shipping Ore (DSO) business at the Fortuna deposit. These studies will be undertaken in the second half of 2014 and if positive support a Mining Proposal being submitted in 2015.

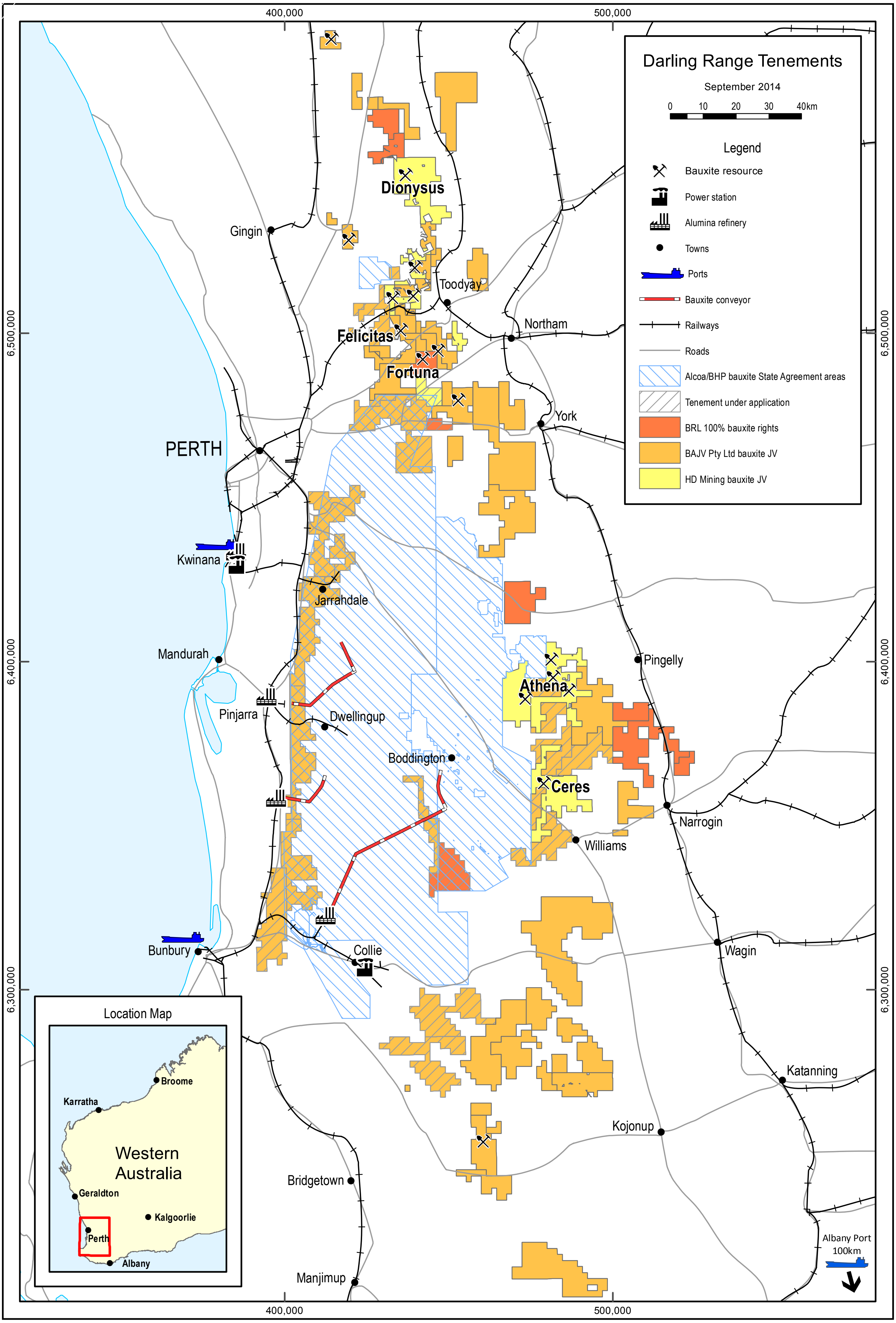


Figure 1: BRL tenement holding and resource locations. The Company retains rights to a large holding of highly prospective tenements in a world class bauxite province

FORTUNA (BRL100%)

Bauxite Resources Ltd has focused on the development of the Fortuna resource for which the Company has sole rights.

The Fortuna bauxite resource is located on private farmland near the regional town of Wundowie, Western Australia, with excellent road access to Perth, existing heavy rail approximately 15km away, and Kwinana Port approximately 120km from the project area. BRL retains 100% beneficial interest in the resource.

The resource estimate was updated in September 2013 and again in June 2014. Critically, a portion of the resource is now classified as Indicated Category. The deposit extends across an area of 658 Ha (6.58km^2), displaying a bauxite horizon of up to 12m in thickness, typically covered by 0.5m - 2m of loose overburden. The resource displays low reactive silica, and a high available alumina to reactive silica ratio, properties desirable for alumina refining.

The lateral extent of mineralisation has not yet been tested by drilling and therefore is not considered to be closed off.

The Company determined that the Fortuna resource is at a scale that could potentially support stand-alone development and commenced studies to assess the viability of establishing a DSO operation.

During the reporting period the Company commissioned a flora, vegetation and fauna survey of the land where the Fortuna deposit is located. No flora listed under the Environmental Protection and Biodiversity Conservation Act (EPBC) or gazetted as Threatened Flora under the Wildlife Conservation Act were observed during field assessment, nor was any conservation significant fauna. A Level Two survey including spring time assessment will be required to support any future mining proposal application.

A concept study is currently underway covering the geology, mining, infrastructure and economics of the Fortuna Bauxite Project based on a 2-4 million tonne per annum DSO operation. At the same time a technical marketing evaluation has commenced to target specific Chinese refineries on a value in use basis.

The commercialisation of the Fortuna deposit is a key strategy and focus for BRL with a development timeframe from now, subject to economics, regulatory approvals and final investment decision, of three years. Planned future activities include:

- Environmental Baseline studies – Q4 2014
- Commence Offtake discussions – Q4 2014
- Community Consultation – Q4 2014
- Infill/Expansion drilling at Fortuna – Q1 2015
- Preparation and submission of Mining Proposal – Q1-Q2 2015
- Feasibility Study to support final investment decision – Q3-Q4 2015

JORC classification	Quantity (Mt)	Al_2O_3 % (total)	Al_2O_3 % (available at 148°)	SiO_2 % (total)	SiO_2 % (reactive at 148°)
Measured	-	-	-	-	-
Indicated	6.3	40.2	34.0	5.7	1.9
Inferred	33.9	38.5	31.8	5.6	1.7
Total	40.2	38.8	32.1	5.6	1.8

Details of the Fortuna resource (June 30, 2014). Note: all grades are unbeneficiated

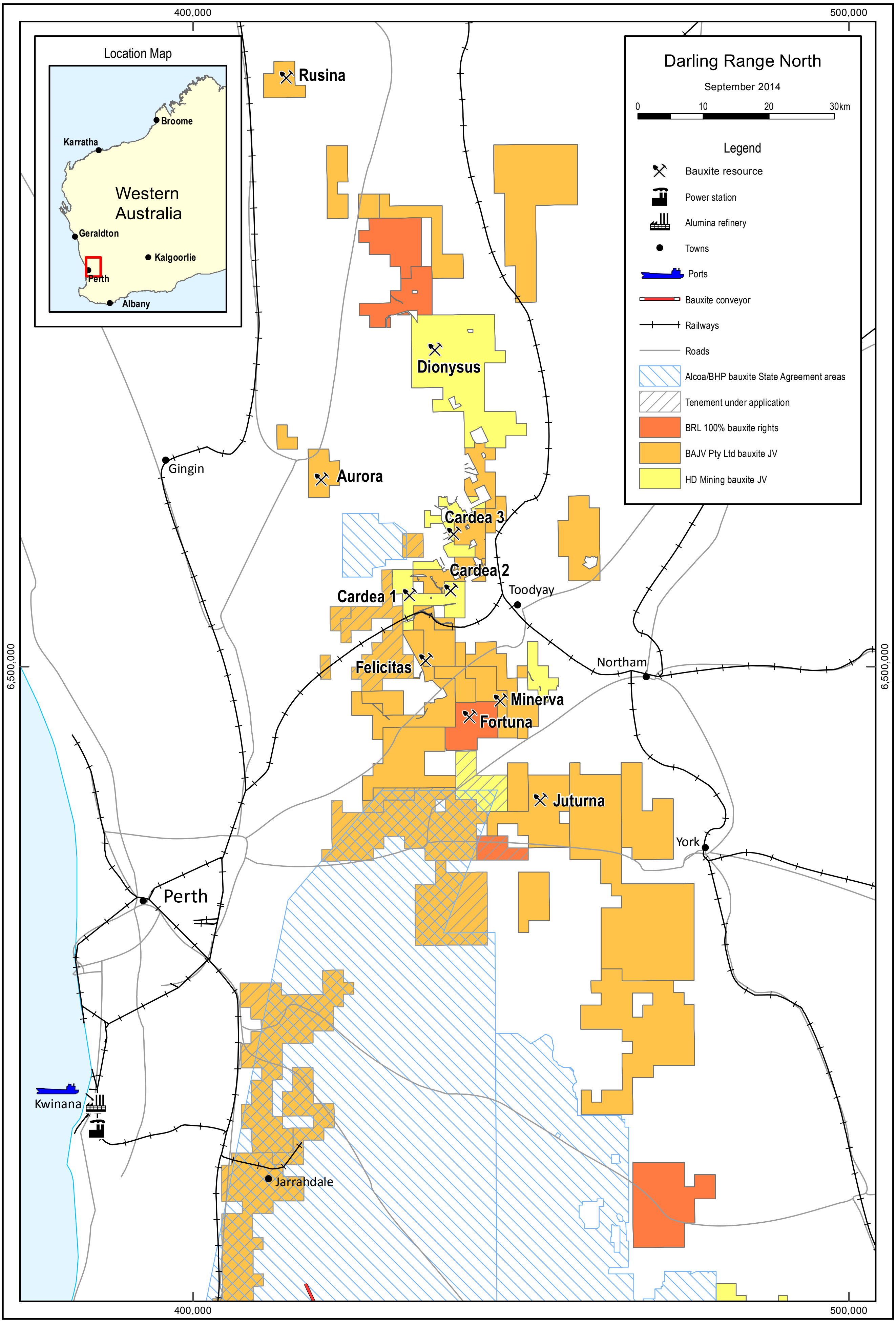


Figure 2: BRL tenement holding and resource locations in the north Darling Range

JOINT VENTURE WITH YANKUANG

Felicitas is the flagship resource independently managed by Bauxite Alumina Joint Venture (BAJV), a joint venture between Bauxite Resources Ltd and Yankuang Resources Pty Ltd a subsidiary of Yankuang Group which has substantial coal interests in Australia and China. Yankuang holds an Interest of 70% of the resources under the JV with BRL retaining 30%.

FELICITAS (BAJV)

The Company announced a resource upgrade during the year for the Felicitas bauxite deposit in the Darling Range Western Australia which resulted in the total resource increasing to 218.7Mt. Importantly, 157.2Mt of this is in the Indicated and Measured Category. The project is within the Company's joint venture with Yankuang Resources (BAJV). The resource offers the advantages of being located on a small number of large private landholdings (farms), readily accessible by road, less than 5km from existing rail infrastructure, and approximately 120km by rail to the nearest bulk handling port (Kwinana).

The deposit has an average thickness of 4.5m.

JORC classification	Quantity (Mt)	Al_2O_3 % (total)	Al_2O_3 % (available at 148°)	SiO_2 % (total)	SiO_2 % (reactive at 148°)
Measured	53.2	39.1	30.7	5.8	1.4
Indicated	104	39.3	30.1	8.9	1.9
Inferred	61.5	38.9	29.6	11.5	2.4
Total	218.7	39.1	30.1	8.9	1.9

Details of the Felicitas resource (June 30, 2014). Note: all grades are unbeneficiated

BRL's Chairman Rob Nash, BAJV's GM Bill Moss, BRL's CEO Peter Canterbury, Yankuang Group Chairman Zhang Xinwen and Yankuang Resources GM Zhan Qingwei.

JOINT VENTURE WITH HD MINING

Athena and Dionysus resources, as described below, form part of the joint venture with HD Mining & Investments Pty Ltd (HD Mining), and provide BRL with the opportunity to add a further two resources to its project development pipeline. The current joint venture with HD Mining is a Farm-in Agreement that allows HD Mining to fund 100% of all exploration and feasibility costs for HD Mining to earn 60% of the bauxite rights upon a decision to mine.

ATHENA (HD MINING JV)

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 as at June 30 stood at 22.7Mt, however was upgraded in July 2014, taking the resource to 36.2Mt. 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 may be evolving as a major new bauxite project area for the Company.

JORC classification	Quantity (Mt)	Al_2O_3 % (total)	Al_2O_3 % (available at 148°)	SiO_2 % (total)	SiO_2 % (reactive at 148°)
Inferred	36.2	41.8	32.8	18.1	2.8
Total	36.2	41.8	32.8	18.1	2.8

Details of the Athena resource (July 2014). Note: all grades are unbeneficiated

DIONYSUS (HD MINING JV)

Dionysus is located on one private landholding, approximately 100km north east of Perth, and situated 12km from existing rail infrastructure providing a link to Kwinana Port. The resource displays a bauxite zone up to 8.5m in thickness (average 3m). The project area is yet to be constrained by drilling and as such potential remains to further grow the resource.

JORC classification	Quantity (Mt)	Al_2O_3 % (total)	Al_2O_3 % (available at 148°)	SiO_2 % (total)	SiO_2 % (reactive at 148°)
Inferred	20.3	42.1	32.6	12	3.4
Total	20.3	42.1	32.6	12	3.4

Details of the Dionysus resource (June 30, 2014). Note: all grades are unbeneficiated

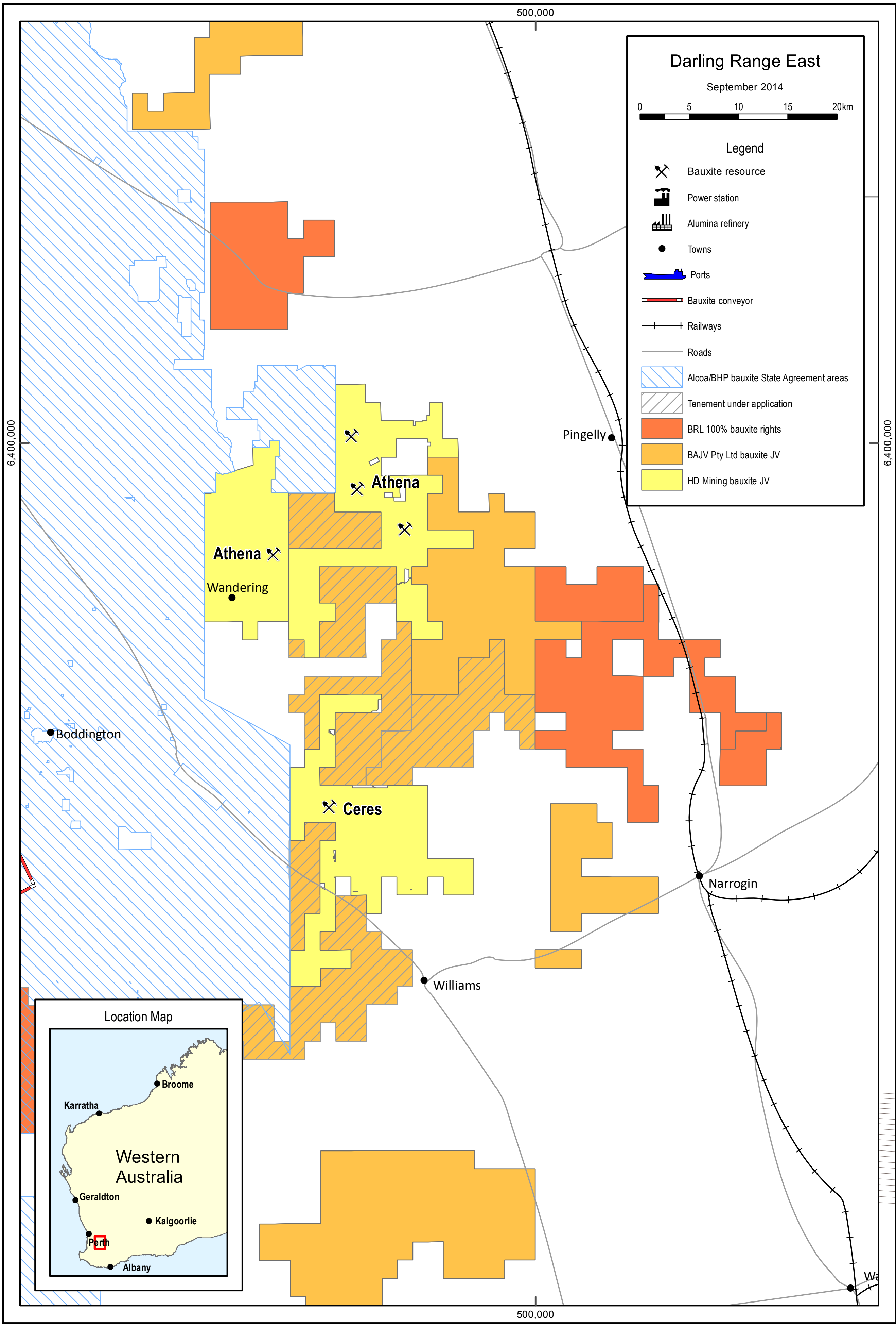


Figure 3: BRL tenement holding and resource locations in the east Darling Range

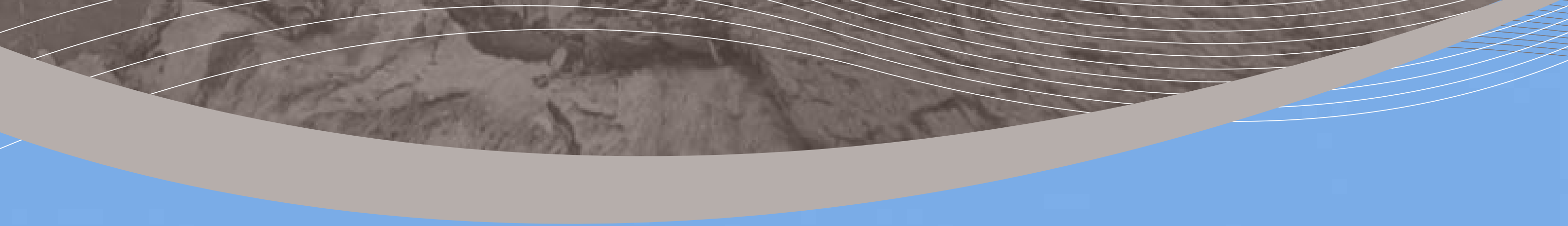
TRIAL MINE-SITE HANDED BACK TO LANDOWNER

The area of private farmland that was used for the trial mining in 2009/10 was formally handed back to the owner in November 2013 following successful rehabilitation of the pastoral land.

Subsequent to the trial shipments completed in March 2010, the eight hectares of cleared pastoral land was returned to original land form by replacing the stockpiled overburden and topsoil. In consultation with the owner during the four successive growing seasons, BRL has monitored and gathered data from the rehabilitation process gaining valuable information for future mining programs.

The hand back of the trial mining land three and a half years after mining, has demonstrated the compatibility of bauxite mining with farming operations. In addition, the mining of bauxite is likely to improve the soil conditions for future farming operations.

The rehabilitation process provides the knowledge base for all future mining operations including the Fortuna and Felicitas deposits which are the current focus areas for development.



MINERAL RESOURCES AND ORE RESERVES

Bauxite Resources Limited updated its Mineral Resources and Ore Reserve estimates for the twelve months ending June 30 2014. The Company's total resources are estimated at 380.2Mt (refer table 1). This represents an increase of 136.5Mt (56%) on total resources as reported in 2013 (243.7Mt). The increase is principally due to resource upgrades of the Felicitas (70.8Mt) and Fortuna (13.4Mt) resources, and maiden resource estimates at Dionysus (20.3Mt) and Athena (22.7Mt). Modest resource additions were realised through a revision of specific gravity (SG) at Cardea3 and Aurora resources (10.8Mt). The tenement containing the Vallonia (1.5Mt) bauxite resource was surrendered during the year, and the resource inventory adjusted accordingly.

Table1: BRL and Partners Mineral Resources as at 30 June 2014

Deposit & Classification	Size	Al_2O_3 (total)	Al_2O_3 (available) #	SiO_2 (total)	SiO_2 (reactive) #	JV & Resource Details
	Mt	%	%	%	%	
Fortuna						
Indicated	6.3	40.2	34.0	5.7	1.9	BRL JORC 2012
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	53.2	39.1	30.7	5.8	1.4	BAJV JORC 2012
Indicated	104.0	39.3	30.1	8.9	1.9	BAJV JORC 2012
Inferred	61.5	38.9	29.6	11.5	2.4	BAJV JORC 2012
Cardea 3 (BAJV)						
Indicated	4.7	42.5	31.1	11.6	3.2	BAJV JORC 2012
Inferred	9.5	41.0	30.1	12.6	3.5	E70/3432
Minerva						
Inferred	2.2	38.7	28.9	20.3	3.9	BAJV JORC 2004
Aurora						
Indicated	12.0	43.5	33.0	9.1	3.1	BAJV JORC 2012
Inferred	3.9	41.3	30.2	14.4	4.0	
Rusina						
Inferred	3.7	40.3	29.1	15.7	5.3	BAJV JORC 2004
Juturna						
Inferred	8.2	40.2	29.9	23.1	3.9	BAJV JORC 2004
Cronus						
Inferred	2.8	39.3	28.3	13.3	2.8	BAJV JORC 2004
BAJV sub-total	**265.7**	**39.5**	**30.2**	**9.8**	**2.2**	
Athena						
Inferred	22.7	42.3	33.3	17.3	2.7	HDMJV JORC 2012
Dionysus						
Inferred	20.3	42.1	32.6	12	3.4	HDMJV JORC 2012
Cardea (1&2)						
Inferred	6.4	41.8	29.3	15.7	4.3	HDMJV JORC 2004
Cardea 3 (HDM)						
Indicated	1.5	42.8	30.0	16.8	4.0	HDMJV JORC 2012
Inferred	8.4	40.3	28.9	17.0	4.4	E70/3160
Ceres						
Inferred	15.0	40.9	31.7	19.5	3.0	HDMJV JORC 2004
HDM sub-total	**74.3**	**41.7**	**31.9**	**16.1**	**3.3**	
Total Measured	**53.2**	**39.1**	**30.7**	**5.8**	**1.4**	**Jun-14**
Total Indicated	**128.5**	**38.2**	**30.9**	**10.3**	**2.3**	**Jun-14**
Total Inferred	**198.5**	**40.1**	**30.8**	**13.0**	**2.8**	**Jun-14**
South West WA TOTAL Bauxite	**380.2**	**39.9**	**30.7**	**10.6**	**2.4**	**Jun-14**

Resources based on low temperature (148o) 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 - Bauxite Alumina Joint Venture area with Yankuang Resources Ltd where the BRL retains 30% beneficial interest in the bauxite rights.

HDMJV – 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.

COMPETENT PERSON STATEMENT

The information in this report that relates to **Cardea1&2, Juturna, Minerva and Rusina** Mineral Resources is based on information compiled by Peter Senini who is a member of the Australian Institute of Geoscientists. Mr Senini was an employee of the Company at the time of resource estimation and remains competent person for the above mentioned resources. He 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 Senini consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to **Felicitas, Cardea3, Aurora, Ceres, Cronus, Fortuna, Dionysus and Athena** Mineral Resources is based on information compiled by Graham de la Mare who is a Member of the Australian Institute of Geoscientists. Mr de la Mare is employed by RungePincockMinarco (RPM). Mr de la Mare 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 de la Mare consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to **Exploration results** is based on information compiled by Mark Menzies, who is a member of the Australian Institute of Geoscientists. Mr Menzies is a qualified geologist and a full time employee, 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 Menzies has consented to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.

JORC CODE COMPLIANT PUBLIC REPORTS

The Company advises that this Annual Report contains summaries of Exploration Results and 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.

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 and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially modified from the original market announcement.

NON-BAUXITE COMMODITIES (BRL 100%)

BRL retains the non-bauxite mineral rights across almost 8,000km^2 of tenure throughout the Darling Range, Western Australia. As highlighted last year the Company has elected to maintain exploration focus on realising value from its bauxite assets, whilst seeking a partner with which to advance the other commodity exploration.

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 19 SEPTEMBER 2014

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 2014.

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 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 has been a local government councillor and is a member of the Western Australian Navy Legal Panel. Mr Nash has been a director of a number of companies involved in the areas of property development and intellectual property.

Mr Nash joined the board before the Company listed in 2008 and, following the retirement of Mr Barry Carbon in August 2013, took over the role of Chairman.

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

Peter Canterbury, BBus (Acc) CPA (Chief Executive Officer and Executive Director)

Mr Canterbury is a senior mining executive with expertise and extensive knowledge of the bulk commodity industry, particularly in bauxite and alumina.

Prior to joining Bauxite Resources Mr Canterbury held the role of Chief Financial Officer (CFO) at Sundance Resources Ltd, a position he held for six years. At Sundance he played a critical role as acting CEO helping to rebuild the company following the tragic crash in June 2010 which claimed the lives of the CEO and entire Board.

Between 2001 and 2007, Mr Canterbury was the CFO of Dadco Europe which owns the Stade Alumina refinery in Germany and a share in the CBG bauxite mine in Guinea. During his time there he was responsible for finance, commerce and logistics. Earlier in his career he held several senior positions with Alcoa World Alumina in the finance, marketing and projects area in Australia and overseas.

Mr Canterbury 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 Australian Minerals & Mining Group Ltd (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.

Cunliang Lai, (Non Executive Director - Appointed 7 March 2014)

Mr Lai is the representative from the Company's substantial shareholder, Yankuang Group Corporation ("Yankuang Group"). Mr Lai is a senior engineer, a researcher in engineering technology application with a Doctorate in Engineering and an Executive Masters in Business Administration. He has been named as one of China National's Top-Ten Coal Mine Managers, China National Coal Industry's Top-100 Achievers and a Shandong Provincial Youth-and-Middle-Aged Specialist for Outstanding Contributions.

Mr Lai has more than 20 years of experience in coal mine management and holds the position of Deputy General Manager of Yanzhou Coal Mining Company Limited and is a Director of the Australian ASX Listed Yancoal Australia Ltd (26 June 2012 to current). He is a graduate of Nankai University and Coal Science Research Institute.

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 has previously worked for Aquila Resources Limited, Eagle Mining Corporation and De Grey Mining Limited.

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.

John Sibly, BAppSc, AsDipMet, FAusIMM (Non Executive Director)

Mr Sibly is a highly experienced and well credentialed executive, with more than 35 years of operational and executive experience within the bauxite and alumina refinery sectors, including more than 15 years as a senior executive with Alcoa. In 2006 Mr Sibly retired from his role of President Global Manufacturing Alcoa World Alumina and Chemicals, based in New York. In this position he was responsible for nine refineries and five operating mines around the world. He was also accountable for engineering, construction, and research and development of Alcoa's mining and refineries.

In his career with Alcoa Mr Sibly held various senior positions, including leading the process design team and being inaugural works manager at the Sao Luis Alumina refinery in Brazil, and works manager at the Kwinana and Pinjarra refineries in Western Australia.

In 2000 Mr Sibly received the Irving W Wilson award for 'outstanding leadership and management of technology throughout Alcoa'. Mr Sibly has previously been a president of the Australian Minerals Industry Research Association, director of the centre for minesite rehabilitation research, and member of many other councils and advisory bodies.

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

Zhaozhong Wang, (Non Executive Director - Appointed 31 March 2014)

Mr Wang is the representative from the Company's substantial shareholder, HD Mining & Investments Pty Ltd ("HD Mining"). Mr Wang was recently appointed the 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.

Barry Carbon, AM ATSE, FEIANZ, MSc (Non Executive Chairman - Retired 9 August 2013)

Chenghai Yang, (David) (Non Executive Director - Appointed 11 September 2013, Resigned 31 March 2014)

Feng Ding, (Non Executive Director – Resigned 11 September 2013)

Jitai Yan, (Non Executive Director – Resigned 2 September 2013)

Qingwei Zhan, (Non Executive Director - Appointed 2 September 2013, Resigned 7 March 2014)

COMPANY SECRETARY

Sam Middlemas, B.Com.,PGrad DipBus., CA

Mr Robert Samuel (Sam) Middlemas was appointed Company Secretary on 6 July 2012. Mr Middlemas is a chartered accountant with more than 15 years experience in various financial and company secretarial roles with a number of listed public companies operating in the resources sector. He is the principal of a corporate advisory company which provides financial, board and secretarial services specialising in capital raisings and initial public offerings. Previously Mr Middlemas worked for an international accountancy firm. His fields of expertise include corporate secretarial practice, financial and management reporting in the mining industry, treasury and cash flow management and corporate governance.

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	Options over Ordinary Shares	Performance Rights over Ordinary Shares
Robert Nash	254,900	-	-
Peter Canterbury	100,000	-	6,000,000
Luke Atkins	17,041,667	-	-
Neil Lithgow	19,366,666	-	-
John Sibly	40,500	2,000,000	-
Cunliang Lai*	19,700,000	-	-
Zhaozhong Wang*	19,700,000	-	-

*Mr Lai and Mr Wang are the corporate representatives of Yankuang Resources Pty Ltd and HD Mining and Investment Pty Ltd, who are the holders of shares in the Company.

OPERATING AND FINANCIAL REVIEW

OPERATING REVIEW

The Company is solely focused on the exploration and evaluation of bauxite prospectivity in the Company's large tenement holding in WA's Darling Range, the largest bauxite and alumina producing region in the world. As at 30 June 2014 the Group exploration tenements covered 8,301 km^2 (5,322 km^2 granted). The significant reduction in tenement holdings (8,301km^2 in 2014 versus 17,710km^2 in 2013) is consistent with the Company's strategy of tenement rationalisation and this has achieved a significant drop in the minimum expenditure requirements of the Company whilst expanding the resource base through low cost targeted exploration.

The Company undertakes this exploration and evaluation both in its own right and through participation in three joint ventures. Two of these joint ventures are carrying out exploration for bauxite, while the third joint venture was formed to examine the feasibility of building and operating an alumina refinery in Western Australia through which to process bauxite sourced from the Darling Range region. Note 17 of this financial report provides more detail of these joint venture arrangements.

The Company's exploration efforts during the 12 months to 30 June 2014 yielded a 56% increase in JORC compliant bauxite resources. Total quoted resource at 30 June 2014 stood at 380.2 million tonnes. Of this total resource, 40.2 million tonnes are held by the Company in its own right, 265.7 million tonnes are held in the Bauxite Resources Joint Venture ("BRJV"), and 74.3 million tonnes are held in the BRL-HD Mining joint venture ("HDMI").

By comparison, total quoted JORC resource at 30 June 2013 stood at 243.7 million tonnes of which 188.2 million tonnes were held in the BRJV, and 28.7 million tonnes were held in the HDMI joint venture.

There was no significant change in the nature of the Group's activities during the year.

FINANCIAL REVIEW

The Group has recorded an operating loss after income tax for the year ended 30 June 2014 of $4,554,592 (2013: $5,241,176 loss).

Included in the operating loss was expenditure on exploration totalling $3,515,847 compared to $4,277,870 in the year ended 30 June 2013. The group does not capitalise exploration expenditure, but writes off the full amount of expenditure incurred each year.

Employment Benefits expense declined from $1,357,341 in 2013 to $1,261,252 in the 2014 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 $1,695,348 in interest revenue in the year compared to $2,138,115 in 2013, a 21% decline that is largely reflective of the general decline in interest rates over the course of the past two financial years. The average rate earned on investments during the year was 3.9%, compared to an average rate of 4.7% in 2013. The Group's cash balances also diminished by $2,550,743 over the course of the year.

The Group ended the financial year with cash reserves of $40,935,260 (2013: $43,486,003).

The Cash Flow Statement on page 44 of this Annual Financial Report sets out details of the use of these cash funds. However a small part of the decline in cash reserves was due to the Company's decision to acquire a limited number of its own shares from the market. To 30 June 2014, $221,102 had been expended in acquiring shares in on-market transactions. The decision to undertake this share buy-back was taken by the Board, as the Board considered that Company's current share price did not accurately reflect the strong underlying cash position and value within the Company's assets and the share buyback represented an opportunity to add value to the remaining shares on issue. The buy-back scheme was deferred in September 2013 and cancelled in May 2014 with the total of 1,800,000 shares purchased under the scheme during the year.

Note 8 of this Annual Financial Report also shows that in 2014 the Group had $544,862 in Sundry Receivables outstanding (2013: $1,655,318). The amount in 2013 represents the total amount of cash calls unpaid by the joint venture partner in the BRJV, Yankuang Resources Pty Ltd ("Yankuang"). $482,869 represents a debt due to the Company directly, following its decision to make one of the outstanding cash calls to BRJV on behalf of Yankuang. The unpaid cash calls from 2013 were all paid in July 2013.

Other than this utilisation of cash to fund the Group's activities during the year, the Group's financial position remained relatively unchanged and stable.

DIVIDENDS

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

SHAREHOLDER RETURNS

	2014	2013
Basic earnings per share (cents)	(2.0)	(2.2)
Diluted earnings per share (cents)	(1.9)	(2.2)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company continues to explore for additional bauxite resources within its existing tenements in its own right for both export and refinery grade bauxite.

The Company is working with Yankuang Resources Pty Ltd ("Yankuang"), under its Bauxite Resources and Alumina Refinery joint ventures, for development of bauxite mining and alumina refining capacity in Western Australia. Whilst limited studies have been undertaken under the refinery joint venture no feasibility study has yet commenced.

In respect of its own tenements, following the release of its upgraded resource at the Fortuna deposit, announced on 4 September 2013, the Company believes the Fortuna resource is of sufficient scale to support development evaluation for supply of bauxite into the international market. The Company is currently undertaking scoping studies to investigate ways of monetising the value of this asset, taking into account the global outlook for alumina production, over the coming financial periods. These studies include, among other things, thorough investigations into geological, mining and logistical aspects of the project. It will also include analysis of potential buyers of the bauxite product, and potential partners to undertake any mining development if that is appropriate, to maximise the value to shareholders. Following these studies environmental and impact studies will be undertaken to ensure the Company minimises environmental and community impacts of any potential mining operation.

In the coming 12 months, particular focus is being placed on moving forward the joint ventures with both Yankuang and HD Mining and Investments Pty Ltd ("HD Mining") whilst continuing on the development studies needed to support commercialisation of the Fortuna deposit.

The Group's future plans are not without risk. Aside from the accepted and normal risks associated with any minerals exploration venture, such as accurate and reliable resource identification and measurement, these include (but are not limited to):

- Commodity price risk – there is risk that the price of bauxite does not achieve or maintain levels that will support sustainable mining or alumina refining operations. This may be the result of changes in global demand for aluminium, or changes in the global supply chain for bauxite and alumina. The directors have considered this risk in light of predictions and commentaries from various independent analysts and observers, and consider this risk to be low in the medium to long term.
- Environmental risk – the Group's ability to develop mining operations or expand bauxite refining capacity are dependent on obtaining the required environmental licences and ensuring minimal impact on the environment from any operations. The directors have considered this risk, and consider this risk can be managed adequately by understanding the relevant environmental guidelines and ensuring any proposed mining or refining operations demonstrate they are able to comply with such guidelines.
- Land access risk – the Group's ability to develop mining operations or expand bauxite refining capacity may be subject to obtaining access by landholders. The directors have considered this risk, and consider the risk is minimised through consultation by taking a proactive approach in forming close and open relationships with land holders and communities that may be impacted by any potential mining or refining operation.
- Regulatory approval risk - the Group's ability to develop mining operations or expand bauxite refining capacity may be subject to obtaining approvals from various regulatory or government authorities to undertake mining or refining activities. This may include, for example, the ability to obtain mining licenses for its tenements, or permits to export bauxite. The directors have considered this risk, and consider that the risk can be mitigated largely by working closely with the relevant regulatory authorities through any study phases.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no 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.

Following the signing of last year's financial accounts the Company received a proposed claim which alleged that the Company engaged in misleading and deceptive conduct in September 2009. The Company has since executed a conditional agreement to settle this proposed claim in September 2014 as described in the section below titled Significant Events After The Balance Date.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Capital Return

The Company announced on 17 June 2014 that the BRL Board had recommended a capital return of 4 cents per share, subject to shareholder approval. This followed a funding requirements review of its operations, projects and working capital to determine where shareholders' funds would be best allocated to create short and long term shareholder value, sufficient funds were identified to support BRL's wholly owned projects and JV arrangements in the near term.

As a consequence of this review, the BRL Board has identified surplus cash to the Company's current requirements and therefore is proposing to return 4 cents per share to shareholders in the form of a capital return. The Extraordinary General Meeting was held on the 29 August 2014 and shareholders approved the Capital return. An amount of $9.276 million was returned to shareholders on 11 September 2014.

Proposed Shareholder Claim

On 10 September 2014, the Company executed a conditional agreement to settle that claim, prior to any proceedings having been commenced. The claim was proposed on behalf of individuals and entities (described in the claim as group members) who acquired shares in the Company in the October 2009 placement of 60 million shares at $0.95 each. It included allegations that the Company engaged in misleading and deceptive conduct in marketing the 2009 placement. A separate claim was foreshadowed in respect of certain of the group members' on-market purchases.

Subject to certain conditions being met by the group members including a vote by them to accept the settlement, the Company will pay $5.25 million, without any admission of liability. The remaining terms of the settlement are confidential. If the settlement proceeds, both of the claims will be resolved.

Except for the Capital Return, and the Proposed Shareholder Claim no other matters or circumstance have arisen since 30 June 2014 which significantly affected or could significantly affect the operations of the consolidated group in future financial years.

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 Details of remuneration

C Service agreements

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.

The Australian based executive directors and executives receive a superannuation guarantee contribution required by the government, which was 9.25% in 2013/2014, 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. 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 2014.

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.

	2014	2013
	$	$
Revenue	2,902,419	3,641,322
Net profit/(loss)	(4,554,592)	(5,241,176)
Earnings per share (cents)	(2.0)	(2.2)

B 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 22 and 23 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.

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

	Short-Term				Share-based Payments		Total
	Salary & Fees	Subsidiary Board and committee fees	Superannua-tion	Consultancy Fees	Performance Rights	Termination Benefits	
	$	$	$	$	$	$	$
2014							
Non-Executive Directors							
Robert Nash [1]	70,000	-	6,475	155,000	-	-	231,475
Luke Atkins [2]	40,000	40,000	7,400	-	-	-	87,400

	Short-Term				Share-based Payments		Total
	Salary & Fees	Subsidiary Board and committee fees	Superannua-tion	Consultancy Fees	Performance Rights	Termination Benefits	
	$	$	$	$	$	$	$
Cunliang Lai [3]	12,564	-	-	-	-	-	12,564
Neil Lithgow	40,000	-	3,700	-	-	-	43,700
John Sibly [4]	40,000	40,000	7,400	-	-	-	87,400
Zhaozhong Wang [5]	10,000	-	-	-	-	-	10,000
Barry Carbon [6]	36,265	-	2,818	-	-	18,333	57,416
Chenghai Yang [7]	22,256	-	-	-	-	-	22,256
Feng Ding [8]	7,744	-	-	-	-	-	7,744
Jitai Yan [9]	6,667	-	-	-	-	-	6,667
Qingwei Zhan [10]	20,769	-	-	-	-	-	20,769
Executive Directors							
Peter Canterbury [11]	450,000	-	41,625	-	74,998	-	566,623
Key Management Personnel							
Sam Middlemas [12]	-	-	-	66,600	-	-	66,600
Mark Menzies [13]	238,532	-	22,064	-	11,082	-	271,678
Patrick Soh [14]	-	-	-	32,813	-	-	32,813
Kelvin May [15]	-	-	-	138,000	-	-	138,000
Total Remuneration	994,797	80,000	91,482	392,413	86,080	18,333	1,663,105
2013 **Non-Executive Directors**							
Robert Nash [1]	50,000	-	4,500	165,000	-	-	219,500
Luke Atkins [2]	50,000	44,062	8,466	-	-	-	102,528
Neil Lithgow	50,000	-	4,500	-	-	-	54,500
John Sibly [4]	50,000	44,062	8,466	-	-	-	102,528
Barry Carbon [6]	110,000	-	9,900	-	-	-	119,900
Feng Ding [8]	50,000	-	-	-	-	-	50,000
Jitai Yan [9]	50,000	-	-	-	-	-	50,000
Executive Directors							
Peter Canterbury [11]	54,807	-	4,933	-	-	-	59,740
Scott Donaldson [16]	216,409	-	16,052	31,080	-	-	263,541
Key Management Personnel							
Sam Middlemas [12]	168,120	-	-	-	-	-	168,120
Mark Menzies [13]	234,883	-	21,139	-	-	-	256,022
Kelvin May [15]	-	-	-	243,750	-	-	243,750
Neil Martin [17]	55,612	-	3,781	-	-	-	59,393
Total Remuneration	1,139,831	88,124	81,737	439,830	-	-	1,749,522

Notes:

(1) Mr Nash was appointed Chairman on 9 August 2013, having previously been a non-executive director. Mr Nash is also a practicing barrister and provides legal counsel to the Group under a legal retainer agreement. Mr Nash also served as chairman of BAJV Pty Ltd until April 2014, the manager of the Bauxite Alumina Joint Venture and the Alumina Refinery Joint Venture, and sits on the HD Mining JV committee, for which he received no additional remuneration.

(2) Mr Atkins sits on the Board of BAJV Pty Ltd, and another committee.

(3) Mr Lai was appointed to replace Mr Zhan on 7 March 2014.

(4) Mr Sibly sits on the Board of BAJV Pty Ltd, and another committee.

(5) Mr Wang was appointed to replace Mr Yang on 31 March 2014.

(6) Mr Carbon was Chairman of the Company until his retirement on 9 August 2013.

(7) Mr Yang was appointed to replace Mr Ding on 11 September 2013 and resigned on 31 March 2014.

(8) Mr Ding resigned on 11 September 2013.

(9) Mr Yan resigned on 2 September 2013.

(10) Mr Zhan was appointed to replace Mr Yan on 2 September 2013 and resigned on 7 March 2014.

(11) Mr Canterbury was appointed an Executive Director and CEO on 20 May 2013.
(12) Mr Middlemas was appointed Company Secretary on 7 July 2012 and remains in that position. He was appointed acting CEO between 24 December 2012 and 20 May 2013 prior to the appointment of Mr Canterbury.
(13) Mr Menzies is Exploration Manager and was appointed 4 June 2012.
(14) Mr Soh was appointed as Chief Financial Officer replacing Mr May in February 2014 and provides services through a private consultancy.
(15) Mr May was appointed as Chief Financial Officer on 26 June 2012 and provided services through a private consultancy until 28 February 2014.
(16) Mr Donaldson resigned as an Executive Director and CEO on 19 November 2012. He provided CEO services on a consultancy basis for a short period following his resignation, pending the appointment of a replacement CEO.
(17) Mr Martin was Exploration Manager appointed 16 February 2012 until his resignation on 22 August 2012.

C Service agreements

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

Peter Canterbury

- Term of agreement – Ongoing, subject to termination and notice periods;
- Base Salary, $450,000 plus superannuation;
- Approved by shareholders on 14 November 2013, he is entitled to the following performance rights;
  - 2,000,000 class A performance rights subject to meeting specific performance criteria achieved;
  - 2,000,000 class B performance rights subject to meeting specific performance criteria achieved;
  - 2,000,000 class C performance rights subject to meeting specific performance criteria achieved; and
- Termination of employment by either party requires a 6 month's written notice.

Robert Nash – Legal retainer agreement.

- Term of agreement – Commenced 1 August 2012, subject to a 3 month written notice period.
- Monthly retainer fee of $10,000 for providing legal counsel and advice to the Company as and when requested.

Mark Menzies

- Term of agreement – Employment contract commenced 4 June 2012.
- Base Salary, $238,532 plus superannuation.
- Termination of employment by either party requires a 1 month written notice.

Contracted key management personnel are engaged on standard commercial terms.

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.

The following options and performance rights were granted to or vested with key management personnel during the past 2 years:

	Grant Date	Granted Number	Vested Number as at 30 June 2014	Date vesting or vested and exercisable	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Exercised Number
2014								
Peter Canterbury [1, 2 & 3]	14/11/2013	2,000,000	Nil	Refer 1 below	20/05/2015	N/A	4.6	Nil
	14/11/2013	2,000,000	Nil	Refer 2 below	20/05/2016	N/A	4.3	Nil
	14/11/2013	2,000,000	Nil	Refer 3 below	20/05/2017	N/A	4.4	Nil
Mark Menzies [4]	17/12/2013	136,800	Nil	Refer 4 below	31/07/2014	N/A	8.1	Nil
	17/12/2013	115,200	Nil	Refer 4 below	31/07/2015	N/A	8.4	Nil
	17/12/2013	108,000	Nil	Refer 4 below	31/07/2016	N/A	8.4	Nil
2013								
Sam Middlemas [5]	25/03/2013	1,000,000	Nil	Refer 3 below	31/12/2013	N/A	Nil	Nil
	25/03/2013	500,000	Nil	Refer 3 below	31/12/2014	N/A	Nil	Nil

Notes:

(1) The Company's market capitalisation averaging over a period of 60 consecutive days of trading a daily average of not less than $50M; and completing 12 months of continuous employment with the Company to 20 May 2014.

(2) The Company's market capitalisation averaging over a period of 60 consecutive days of trading a daily average of not less than $70M; and completing 24 months of continuous employment with the Company to 20 May 2015,

(3) the Company's market capitalisation averaging over a period of 60 consecutive days of trading a daily average of not less than $90M; and completing 36 months of continuous employment with the Company to 20 May 2016.

(4) 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. Subsequent to year end the first tranche of 136,800 performance rights have been converted to fully paid ordinary shares on 8 August 2014 following performances hurdles being achieved.

(5) 1,000,000 performance rights to be issued if BAU's market capitalisation trades above $50m for 30 consecutive days prior to 31/12/2013 which have expired. A further 500,000 performance rights to be issued if BAU's market capitalisation trades above $72.5m for 60 consecutive days prior to 31/12/2014.

There were no ordinary shares issued upon exercise of remuneration options to directors or other key management personnel of Bauxite Resources Limited during the year.

E Equity instrument disclosures relating to key management personnel

(i) Option holdings

The numbers of 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, including their personally related parties, are set out below:

	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
2014							
Directors of Bauxite Resources Limited							
John Sibly	2,000,000	-	-	-	2,000,000	2,000,000	-
2013							
Directors of Bauxite Resources Limited							
John Sibly	2,000,000	-	-	-	2,000,000	2,000,000	-
Scott Donaldson	3,000,000	-	-	(3,000,000)	-	-	-

No other 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
2014				
Directors of Bauxite Resources Limited				
Robert Nash	254,900	-	-	254,900
Peter Canterbury	100,000	-	-	100,000
Luke Atkins	17,041,667	-	-	17,041,667
Neil Lithgow	19,366,666	-	-	19,366,666
John Sibly	40,500	-	-	40,500
Other key management personnel of the Company				
Sam Middlemas	600,000	-	-	600,000
Mark Menzies	200,000	-	-	200,000
2013				
Directors of Bauxite Resources Limited				
Robert Nash	254,900	-	-	254,900
Peter Canterbury	-	-	100,000	100,000
Luke Atkins	17,041,667	-	-	17,041,667

Neil Lithgow	19,366,666	-	-	19,366,666
John Sibly	40,500	-	-	40,500
Scott Donaldson	608,600	-	(608,600)	-
Other key management personnel of the Company				
Sam Middlemas	-	-	600,000	600,000
Mark Menzies	70,000	-	130,000	200,000

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:

2014	Balance at start of the year	Granted as compensati on	Other changes	Balance at end of the year	Vested and exercisable	Unvested
2014						
Directors of Bauxite Resources Limited						
Peter Canterbury	-	6,000,000	-	6,000,000	-	6,000,000
Other key management personnel of the Company						
Sam Middlemas	1,500,000	-	(1,000,000)	500,000	-	500,000
Mark Menzies	-	360,000	-	360,000		360,000
2013						
Other key management personnel of the Company						
Sam Middlemas	-	1,500,000	-	1,500,000	-	1,500,000

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	
	2014	2013	2014	2013
Directors of Bauxite Resources Limited				
Robert Nash	100%	100%	-	-
Peter Canterbury	86.8%	100%	13.2%	-
Luke Atkins	100%	100%	-	-
Cunliang Lai	100%	100%	-	-
Neil Lithgow	100%	100%	-	-
John Sibly	100%	100%	-	-
Zhaozhong Wang	100%	100%	-	-
Barry Carbon	100%	100%	-	-
Chenghai Yang	100%	100%	-	-
Feng Ding	100%	100%	-	-
Jitai Yan	100%	100%	-	-
Qingwei Zhan	100%	100%	-	-
Other key management personnel of the Company				
Sam Middlemas	100%	100%	-	-
Mark Menzies	95.9%	100%	4.1%	-
Patrick Soh	100%	100%	-	-
Kelvin May	100%	100%	-	-

G Loans to key management personnel

There were no loans to key management personnel during the 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 $155,000 (2013: $165,000). This amount paid was on arms length commercial terms and is included as part of the compensation.

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	
	A*	B**
Robert Nash – Chairman	9	9
Peter Canterbury – Chief Executive Officer	9	9
Luke Atkins	9	9
Cunliang Lai (Appointed 7 March 2014)	2	3
Neil Lithgow	8	9
John Sibly	7	9
Zhaozhong Wang (Appointed 31 March 2014)	2	3
Barry Carbon (Resigned 9 August 2013)	-	-
Chenghai Yang (Appointed 11 September 2013, Resigned 31 March 2014)	4	5
Feng Ding (Resigned 11 September 2013)	-	1
Jitai Yan (Resigned 2 September 2013)	-	1
Qingwei Zhan (Appointed 2 September 2013, Resigned 7 March 2014)	2	5

Notes
A* - Number of meetings attended.
B** - Number of meetings held during the period as a director during the year.
During the year there were two audit committee meetings with Mr Lithgow (Chairman) and Mr Nash (Member) attending both meetings, and Mr Sibly (Member) attending one meeting.
During the year there was one remuneration committee meeting where Mr Atkins (Chairman), Mr Nash and Mr Lithgow (Members) all attended.

SHARES UNDER OPTION

As at 30 June 2014 there were 2,000,000 options on issue to Mr John Sibly which are exercisable at 40 cents, on or before 22 February 2016. There were no new options issued, cancelled or expired during the year.

As at 30 June 2014 there were the 7,590,000 performance rights on issue with 7,090,000 being issued during the year and 1,000,000 expiring during the year.

Subsequent to year end 414,200 staff performance rights have converted into fully paid ordinary shares after meeting performance hurdles. At the date of this report 7,175,800 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 involving:

(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 $42,559 (2013: $54,907).

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:

	2014	2013
	$	$
Taxation services	25,998	25,545

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 35.

Signed in accordance with a resolution of the directors.

Robert Nash

Chairman

Perth, 19 September 2014

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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 2014 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.

Suan-Lee Tan

MOORE STEPHENS

Suan-Lee Tan
Partner

Moore Stephens
Chartered Accountants

Signed at Perth this 19th day of September 2014

CORPORATE GOVERNANCE STATEMENT

This Statement summarises the main corporate governance practices in place during the Financial Year, which comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

In accordance with the recommendations of the ASX, information published on this web site includes charters (for the Board and subcommittees), codes of conduct and other policies and procedures relating to the Board and its responsibilities.

The Board of Directors

The Company's constitution provides that the number of directors shall not be less than three and not more than nine. There is no requirement for any shareholding qualification.

As and if the Company's activities increase in size, nature and scope the size of the Board will be reviewed periodically, and as circumstances demand. The optimum number of directors required to supervise adequately the Company's constitution will be determined within the limitations imposed by the constitution.

The membership of the Board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board's duties and physical ability to undertake Board's duties and responsibilities.

Directors are initially appointed by the full Board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The Company has two special committees being a remuneration committee and an audit committee.

Role of the Board

The Board's primary role is the protection and enhancement of long term shareholder value.

To fulfil this role, the Board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other Boards.

Independent Professional Advice

The Board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mineral exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

ASX Principles of Good Corporate Governance

The Board has reviewed its current practices in light of the ASX Corporate Governance Council Principles and Recommendations as revised in 2010 with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

CORPORATE GOVERNANCE STATEMENT

The following table sets out the Company's present position in relation to each of the revised Principles.

	ASX Principle	Status	Reference/comment
Principle 1:	**Lay solid foundations for management and oversight**		
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions	**A**	Matters reserved for the Board are included on the Company's website under the Board Charter.
1.2	Companies should disclose the process for evaluating the performance of senior executives	**A**	The remuneration of executive and non-executive directors is reviewed by the Board with the exclusion of the Director concerned. The remuneration of management and employees is reviewed by the Board and approved by the Chairman. Refer Board Charter and Performance Evaluation Practices on the Company's website. The board formed a remuneration committee on 23 August 2013.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	**A**	
Principle 2:	**Structure the Board to add value**		
2.1	A majority of the Board should be independent directors	**N/A**	Only Mr Sibly meets the independence criteria under the ASX Corporate Governance Council Recommendations, as all other Directors are either executives, shareholders or have been material professional advisors or consultants to the Company within the last three years. The Board recognises the Corporate Governance Council's recommendation that a majority of a Board should consist of independent directors. The Board views the shareholdings of Directors as important, although this is outside the ASX Recommendations criteria for independence, as it believes it more correctly aligns the Board with shareholder interests. In considering the independence of Directors, the Board considers issues of materiality and relies on thresholds for qualitative and quantitative materiality as contained in the Board Charter which is disclosed on the Company's web site. The Board believes the current structure is appropriate given the Company's current size and activities. The existing Directors provide the necessary diversity of qualifications, skills and experience and bring quality and independent judgement to all relevant issues.
2.2	The chair should be an independent director	**N/A**	During the 2013/2014 period, Mr Nash was not independent due to his consultancy contract to provide legal services. The Board believes that the existing structure is considered appropriate and provides a unified leadership structure in line with the current size and level of activities of the Company.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	**A**	
2.4	The Board should establish a nomination committee	**A**	The nomination committee shall comprise of the full Board. Acting in its ordinary capacity from time to time as required the Board carries out the process of determining the need for screening and appointing new directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to the process.
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors	**A**	The remuneration of executive and non-executive directors is reviewed by the remuneration committee on an annual basis. Refer comments above regarding the committee and the independence issues
2.6	Companies should provide the information indicated in the Guide to reporting on	**A**	The skills and experience of Directors are set out in the Company's Annual Report and on its website, all other reporting items have

	ASX Principle	Status	Reference/comment
	Principle 2		been addressed.
Principle 3:	**Promote ethical and responsible decision-making**		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to:	**A**	The company has formulated a Code of Conduct which can be viewed on the company's website under Corporate Governance Policies.
	• the practices necessary to maintain confidence in the company's integrity		
	• the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders		
	• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices		
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress of achieving them	**A**	The Company has formulated a Diversity Policy, which can be viewed on its website. The Board has not established measurable objectives for achieving gender diversity at this stage of the Company's development due to the size and nature of the Company's activities. The Policy focusses on identifying and removing any barriers to diversity to create a workplace culture of inclusion and equal opportunities.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	**N/A**	Refer comments above. Gender diversity objectives have not been set.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board	**A**	Proportion of women employees in the whole organisation 33%, women in senior executive positions 0% and women on the Board 0%.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3	**A**	Refer comments above.
Principle 4:	**Safeguard integrity in financial reporting**		
4.1	The Board should establish an audit committee	**A**	The Board has established an audit committee comprised of Mr Lithgow Chairman, Mr Nash (neither of whom are independent) and Mr Sibly (who is independent). The Audit Committee follows the Audit Committee charter and there were two meetings held during the year so as to ensure the integrity of the Financial Statements of the Company and the independence of the external auditor.
4.2	The audit committee should be structured so that it:		
	• consists only of non-executive directors	**A**	Refer comments above
	• consists of a majority of independent directors	**N/A**	Refer comments regarding independence above under Recommendation 2.1
	• is chaired by an independent chair, who is not chair of the Board	**N/A**	Refer comments above

	ASX Principle	Status	Reference/comment
	• has at least three members	**A**	Refer comments above
4.3	The audit committee should have a formal charter	**A**	Refer Company Website
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	**A**	Refer comments above
Principle 5:	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	**A**	The company has formulated a Continuous Disclosure Policy, which can be viewed on its website.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	**A**	
Principle 6:	**Respect the rights of shareholders**		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	**A**	The Company has formulated a Shareholders Communication Policy which can be viewed on the Company website.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	**A**	
Principle 7:	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	**A**	The Company has formulated a Risk Management and Internal Compliance & Control Policy which can be viewed within its Corporate Governance policies on its website.
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	**A**	
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	**A**	The Board has received the required assurance and declaration.
7.4	Companies should provide the information indicated in the Guide to reporting on	**A**	

	ASX Principle	Status	Reference/comment
	Principle 7		
Principle 8:	**Remunerate fairly and responsibly**		
8.1	The Board should establish a remuneration committee	**A**	A remuneration committee was formed on 23 August 2013 with Mr Atkins as Chairman, and Mr Lithgow and Mr Nash being members (none of the members are independent). The committee follows the Remuneration Committee charter and there was one meeting during the year to deal with remuneration issues.
8.2	The remuneration committee should be structured so that it:	**N/A**	Refer comments above regarding the committee and the independence issues
	• consists of a majority of independent directors		
	• is chaired by an independent chair		
	• has at least three members		
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	**A**	
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8	**A**	Refer to the Remuneration Report in the Company's Annual Report.

A = Adopted

N/A = Not adopted

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME YEAR ENDED 30 JUNE 2014

	Notes	Consolidated Group	
		2014 $	2013 $ (Restated)
Sales revenue	4		
Recoupment of exploration costs	4	755,242	413,243
Other income	4	451,829	1,089,964
Interest income	4	1,695,348	2,138,115
Employee benefits expense		(1,261,252)	(1,357,341)
Exploration expenses as incurred		(3,515,847)	(4,277,870)
Bankable feasibility and other studies		(51,902)	(53,072)
Administration expenses		(1,759,351)	(1,910,096)
Depreciation and amortisation expense		(688,209)	(686,484)
Impairment of property, plant & equipment		(10,911)	(636,959)
Gain/(loss) on disposal of fixed assets		(57,805)	39,325
Share-based payments expense	27	(111,734)	-
Share of net profits of associates and joint venture entities		-	(1)
Profit / (loss) before income tax	5	(4,554,592)	(5,241,176)
Income tax expense	6	-	-
Profit / (loss) for the period		(4,554,592)	(5,241,176)
Profit / (loss) attributable to:			
Members of the parent entity		(4,554,592)	(5,241,176)
Non-controlling interests		-	-
		(4,554,592)	(5,241,176)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss) for the period	4	(4,554,592)	(5,241,176)
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)		(2.0)	(2.2)
Diluted earnings per share (cents)		(1.9)	(2.2)
From continuing operations:			
Basic earnings per share (cents)		(2.0)	(2.2)
Diluted earnings per share (cents)		(1.9)	(2.2)

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Notes	Consolidated Group		
		2014 $	2013 $ (Restated)	2012 $ (Restated)
CURRENT ASSETS				
Cash and cash equivalents	7	40,935,260	43,486,003	47,952,158
Trade and other receivables	8	984,754	2,266,885	1,698,425
TOTAL CURRENT ASSETS		41,920,014	45,752,888	49,650,583
NON CURRENT ASSETS				
Other financial assets	9	360,358	427,928	673,644
Property, plant and equipment	10	5,117,596	5,899,606	7,445,129
Intangible assets	11	-	-	-
TOTAL NON CURRENT ASSETS		5,477,954	6,327,534	8,118,773
TOTAL ASSETS		47,397,968	52,080,422	57,769,356
CURRENT LIABILITIES				
Trade and other payables	12a	259,421	269,093	477,577
Provisions	12b	72,252	81,074	81,468
TOTAL CURRENT LIABILITIES		331,673	350,167	559,045
TOTAL LIABILITIES		331,673	350,167	559,045
NET ASSETS		47,066,295	51,730,255	57,210,311
EQUITY				
Contributed equity	13	87,651,716	87,872,818	88,111,698
Reserves	14(a)	580,953	469,219	983,691
Retained earnings / (accumulated losses)	14(b)	(41,166,374)	(36,611,782)	(31,885,078)
TOTAL EQUITY		47,066,295	51,730,255	57,210,311

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

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2014

Consolidated Group	Notes	Issued Ordinary Capital	Option Reserve	Retained Earnings	Total
		$	$	$	$
Balance at 1 July 2011		88,111,698	2,757,392	(27,159,987)	63,709,103
Loss for the period		-	-	(6,836,597)	(6,836,597)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(6,836,597)	(6,836,597)
Shares issued during the period		-	-	-	-
Transaction costs associated with share issue		-	-	-	-
Employee share options issued during the period		-	337,805	-	337,805
Transfer expired Options Reserve to Retained Earnings			(2,111,506)	2,111,506	-
Balance at 30 June 2012		88,111,698	983,691	(31,885,078)	57,210,311
Loss for the period		-	-	(5,241,176)	(5,241,176)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(5,241,176)	(5,241,176)
Shares issued during the period		-	-	-	-
Shares repurchased and cancelled during the period		(237,692)	-	-	(237,692)
Transaction costs associated with share buy back		(1,188)	-	-	(1,188)
Employee share options issued during the period		-	-	-	-
Transfer expired Options Reserve to Retained Earnings		-	(514,472)	514,472	-
Balance at 30 June 2013		87,872,818	469,219	(36,611,782)	51,730,255
Loss for the period		-	-	(4,554,592)	(4,554,592)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(4,554,592)	(4,554,592)
Shares issued during the period		-	-	-	-
Shares repurchased and cancelled during the period		(220,002)	-	-	(220,002)
Transaction costs associated with share buy back		(1,100)	-	-	(1,100)
Employee share options issued during the period		-	111,734	-	111,734
Balance at 30 June 2014		87,651,716	580,953	(41,166,374)	47,066,295

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

STATEMENT OF CASH FLOW

YEAR ENDED 30 JUNE 2014

	Notes	Consolidated Group	
		2014 $	2013 $ (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,293,661	1,480,460
Payments to suppliers and employees		(3,171,618)	(3,383,812)
Payments for exploration expenditure		(3,348,976)	(4,895,474)
Interest received		1,804,637	2,064,430
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	25	(2,422,296)	(4,734,396)
CASH FLOWS FROM INVESTING ACTIVITIES			
Recoup/(payment)of security deposit		67,570	245,716
Receipts from sales of property, plant & equipment		46,091	348,682
Payments for property, plant and equipment		(21,006)	(87,277)
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES		92,655	507,121
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for buyback of shares		(221,102)	(238,880)
NET CASH INFLOW FROM FINANCING ACTIVITIES		(221,102)	(238,880)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,550,743)	(4,466,155)
Cash and cash equivalents at the beginning of the financial year		43,486,003	47,952,158
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	40,935,260	43,486,003

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 19 September 2014 by the directors of the Company.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group 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 2014, the results of all subsidiaries and applicable joint arrangements for the year then ended. Bauxite Resources Limited, its subsidiaries and joint arrangements together are referred to in this financial report as the Group or consolidated entity.

Subsidiaries are all of those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies 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 Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Bauxite Resources Limited.

Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate 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.

(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.

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.

(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.

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

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(t) New and Amended Accounting Policies Adopted by the Group

The Group adopted the following Australian Accounting Standards, together with the relevant consequential amendments arising from related Amending Standards, from the mandatory application date of 1 January 2013:

- AASB 10: Consolidated Financial Statements;
- AASB 11: Joint Arrangements
- AASB 12: Disclosure of Interests in Other Entities; and
- AASB 127: Separate Financial Statements.

AASB 10 provides a revised definition of “control” and may result in an entity having to consolidate an investee that was not previously consolidated and/or deconsolidate an investee that was consolidated under the previous accounting pronouncements.

The Group has applied these Accounting Standards with retrospective effect in accordance with their transitional requirements. The Group has:

- presented quantitative information of the comparative period reflecting the adoption of AASB 10; and
- with respect to any previously unconsolidated investee that is a business, measured the assets, liabilities and non-controlling interests as if the investee had been consolidated in accordance with the applicable version of AASB 3: Business Combinations from the date when the Group gained control of the investee. When the date that control was obtained was earlier than the beginning of the immediately preceding period, the Group recognises, as an adjustment to equity at the beginning of the comparative period, any difference between:
  - the amount of assets, liabilities and non-controlling interests recognised; and
  - the previous carrying amount of the Group’s involvement with the investee.

The first-time application of AASB 10 has not resulted in any material changes to the Group’s financial statements:

AASB 11 replaces AASB 131 'Interests in Joint Ventures', and the guidance contained in a related interpretation, Interpretation 113 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers', has been incorporated in AASB 128 (as revised in 2011). AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, AASB 131 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under AASB 131 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of AASB 11. The directors concluded that the Group's investment in Bauxite Alumina Joint Ventures Pty Ltd, which was classified as a jointly controlled entity under AASB 131 and was accounted for using the proportionate consolidation method, should be classified as a joint venture under AASB 11 and accounted for using the equity method.

The change in accounting of the Group's investment in Bauxite Alumina Joint Ventures Pty Ltd has been applied in accordance with the relevant transitional provisions set out in AASB 11. Comparative amounts for 2013 have been restated to reflect the change in accounting for the Group's investment in Bauxite Alumina Joint Ventures Pty Ltd. The initial investment as at 1 July 2012 for the purposes of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated (see the tables below for details).

(i) Adjustments made to statement of financial position

	As at 30 June 2013		
	Under previous accounting policy $	AASB11[1] $	As presented $
CURRENT ASSETS			
Cash and cash equivalents	43,881,153	(395,150)	43,486,003
Trade and other receivables	1,856,906	409,979	2,266,885
TOTAL CURRENT ASSETS	45,738,059	14,829	45,752,888
NON CURRENT ASSETS			
Other financial assets	480,043	(52,115)	427,928
Property, plant and equipment	5,981,261	(81,655)	5,899,606
Intangible assets	-	-	-
TOTAL NON CURRENT ASSETS	6,461,304	(133,770)	6,327,534
TOTAL ASSETS	52,199,363	(118,941)	52,080,422
CURRENT LIABILITIES			
Trade and other payables	419,446	(150,353)	269,093
Provisions	111,469	(30,395)	81,074
TOTAL CURRENT LIABILITIES	530,915	(180,748)	350,167

	As at 30 June 2013		
	Under previous accounting policy $	AASB11[1] $	As presented $
TOTAL LIABILITIES	530,915	(180,748)	350,167
NET ASSETS	51,668,448	61,807	51,730,255
EQUITY			
Contributed equity	87,872,818	-	87,872,818
Reserves	469,219	-	469,219
Retained earnings / (accumulated losses)	(36,673,589)	61,807	(36,611,782)
TOTAL EQUITY	51,668,448	61,807	51,730,255

Note 1 – Effect of change in accounting policy

	As at 30 June 2012		
	Under previous accounting policy $	AASB11[1] $	As presented $
CURRENT ASSETS			
Cash and cash equivalents	48,031,090	(78,932)	47,952,158
Trade and other receivables	1,685,381	13,044	1,698,425
TOTAL CURRENT ASSETS	49,716,471	(65,888)	49,650,583
NON CURRENT ASSETS			
Other financial assets	703,643	(29,999)	673,644
Property, plant and equipment	7,505,259	(60,130)	7,445,129
Intangible assets	-	-	-
TOTAL NON CURRENT ASSETS	8,208,903	(90,130)	8,118,773
TOTAL ASSETS	57,925,373	(156,017)	57,769,356
CURRENT LIABILITIES			
Trade and other payables	622,035	(144,458)	477,577
Provisions	93,027	(11,559)	81,468
TOTAL CURRENT LIABILITIES	715,062	(156,017)	559,045
TOTAL LIABILITIES	715,062	(156,017)	559,045
NET ASSETS	57,210,311	-	57,210,311
EQUITY			
Contributed equity	88,111,698	-	88,111,698
Reserves	983,691	-	983,691
Retained earnings / (accumulated losses)	(31,885,078)	-	(31,885,078)
TOTAL EQUITY	57,210,311	-	57,210,311

Note 1 – Effect of change in accounting policy *(ii) Adjustments made to statement of profit or loss and other comprehensive income*

	Year ended 30 June 2014		
	Under previous accounting policy $	AASB11[1] $	As presented $
Sales revenue			
Recoupment of exploration costs	755,242	-	755,242
Other income	451,829	-	451,829
Interest income	1,716,887	(21,539)	1,695,348
Cost of sales	-	-	-
Employee benefits expense	(1,261,252)	-	(1,261,252)
Exploration expenses as incurred	(3,487,481)	(28,366)	(3,515,847)
Bankable feasibility and other studies	(51,902)	-	(51,902)
Administration expenses	(1,759,351)	-	(1,759,351)
Depreciation and amortisation expense	(716,575)	28,366	(688,209)
Impairment of property, plant & equipment	(10,911)	-	(10,911)
Impairment of mining property improvements	-	-	-
Gain/(loss) on disposal of fixed assets	(57,805)	-	(57,805)
Share-based payments expense	(111,734)	-	(111,734)
Profit / (loss) before income tax	(4,533,053)	(21,539)	(4,554,592)
Income tax expense	(3,610)	3,610	-
Profit / (loss) for the period	(4,536,663)	(17,929)	(4,554,592)
Profit / (loss) attributable to:			
Members of the parent entity	(4,536,663)	(17,929)	(4,554,592)
Non-controlling interests	-	-	-
	(4,536,663)	(17,929)	(4,554,592)
Other comprehensive income			
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income/(loss) for the period	(4,536,663)	(17,929)	(4,554,592)
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)	(2.0)	-	(2.0)
Diluted earnings per share (cents)	(1.9)	-	(1.9)
From continuing operations:			
Basic earnings per share (cents)	(2.0)	-	(2.0)
Diluted earnings per share (cents)	(1.9)	-	(1.9)

Note 1 – Effect of change in accounting policy

	Year ended 30 June 2013		
	Under previous accounting policy $	AASB11[1] $	As presented $
Sales revenue			
Recoupment of exploration costs	413,243	-	413,243
Other income	1,089,615	349	1,089,964
Interest income	2,137,740	375	2,138,115
Cost of sales	-	-	-
Employee benefits expense	(1,357,341)	-	(1,357,341)
Exploration expenses as incurred	(4,300,905)	23,035	(4,277,870)
Bankable feasibility and other studies	(53,072)	-	(53,072)

	Year ended 30 June 2013		
	Under previous accounting policy $	AASB11[1] $	As presented $
Administration expenses	(1,910,096)	-	(1,910,096)
Depreciation and amortisation expense	(717,482)	30,998	(686,484)
Impairment of property, plant & equipment	(636,959)	-	(636,959)
Impairment of mining property improvements	-	-	-
Gain/(loss) on disposal of fixed assets	39,325	-	39,325
Share-based payments expense	-	-	-
Share of net profits of associates and joint venture entities	-	(1)	(1)
Profit / (loss) before income tax	(5,295,932)	54,756	(5,241,176)
Income tax expense	(7,051)	7,051	-
Profit / (loss) for the period	(5,302,983)	61,807	(5,241,176)
Profit / (loss) attributable to:			
Members of the parent entity	(5,302,983)	61,807	(5,241,176)
Non-controlling interests	-	-	-
	(5,302,983)	61,807	(5,241,176)
Other comprehensive income			
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income/(loss) for the period	(5,302,983)	61,807	(5,241,176)
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)	(2.3)	0.1	(2.2)
Diluted earnings per share (cents)	(2.2)	-	(2.2)
From continuing operations:			
Basic earnings per share (cents)	(2.3)	0.1	(2.2)
Diluted earnings per share (cents)	(2.2)	-	(2.2)

Note 1 – Effect of change in accounting policy

(ii) Adjustments made to statement of cash flows

	Year ended 30 June 2014		
	Under previous accounting policy $	AASB11[1] $	As presented $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	2,268,218	25,443	2,293,661
Payments to suppliers and employees	(3,142,234)	(29,384)	(3,171,618)
Payments for exploration expenditure	(3,438,639)	89,663	(3,348,976)
Interest received	1,820,948	(16,311)	1,804,637
Income tax received/(paid)	(1,643)	1,643	-
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	(2,493,350)	71,054	(2,422,296)
CASH FLOWS FROM INVESTING ACTIVITIES			
Recoup/(payment)of security deposit	67,023	547	67,570
Receipts from sales of property, plant & equipment	46,273	(182)	46,091
Payments for property, plant and equipment	(21,949)	943	(21,006)
Expenditure on mining improvements	-	-	-
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES	91,347	1,308	92,655

	Year ended 30 June 2014		
	Under previous accounting policy $	AASB11[1] $	As presented $
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares	-	-	-
Payment for buyback of shares	(221,102)	-	(221,102)
Payment of share issue costs	-	-	-
NET CASH INFLOW FROM FINANCING ACTIVITIES	(221,102)	-	(221,102)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,623,105)	72,362	(2,550,743)
Cash and cash equivalents at the beginning of the financial year	43,881,153	(395,150)	43,486,003
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	41,258,048	(322,788)	40,935,260

Note 1 – Effect of change in accounting policy

	Year ended 30 June 2013		
	Under previous accounting policy $	AASB11[1] $	As presented $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	1,525,805	(45,345)	1,480,460
Payments to suppliers and employees	(2,802,661)	(581,151)	(3,383,812)
Payments for exploration expenditure	(5,125,259)	229,785	(4,895,474)
Interest received	2,065,626	(1,196)	2,064,430
Income tax received/(paid)	(7,051)	7,051	-
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	(4,343,540)	(390,856)	(4,734,396)
CASH FLOWS FROM INVESTING ACTIVITIES			
Recoup/(payment)of security deposit	223,601	22,115	245,716
Receipts from sales of property, plant & equipment	348,682	-	348,682
Payments for property, plant and equipment	(139,800)	52,523	(87,277)
Expenditure on mining improvements	-	-	-
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES	432,483	74,638	507,121
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares	-	-	-
Payment for buyback of shares	(238,880)	-	(238,880)
Payment of share issue costs	-	-	-
NET CASH INFLOW FROM FINANCING ACTIVITIES	(238,880)	-	(238,880)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,149,937)	(316,218)	(4,466,155)
Cash and cash equivalents at the beginning of the financial year	48,031,090	(78,932)	47,952,158
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	43,881,153	(395,150)	43,486,003

Note 1 – Effect of change in accounting policy

(u) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and de-recognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012–6: Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of the change to the mandatory effective date, the Group is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 30 June 2016. Although the directors anticipate that the adoption of AASB 9 and AASB 2010–7 may have a significant impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the Group's financial statements.

AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

AASB 2011–4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013).

This Standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This Standard is not expected to significantly impact the Group's financial report as a whole because:

- some of the disclosures removed from AASB 124 will continue to be required under s 300A of the Corporations Act, which is applicable to the Group; and
- AASB 2011–4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011–4.

AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to the presentation and disclosure of defined benefit plans, including:

- removal of the "corridor" approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and re-measurements and recognition of:
- service cost and net interest expense in profit or loss; and
- re-measurements in other comprehensive income.

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

These Standards are not expected to impact the Group's financial statements as the Group currently has no defined benefit plans.

AASB 2012–2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012–2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Group's financial statements.

AASB 2012–3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Group's financial statements.

AASB 2012–5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009–2011 Cycle by the International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Group's financial statements.

(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

Given the current level of operations, the Group is not exposed to 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 $40,935,260 (2013: $43,486,003) 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 3.88% (2013: 4.68%).

Sensitivity analysis

At 30 June 2014, 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 $349,685 lower/higher (2013: $365,753 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 Group has a concentration of credit risk with one external entity which currently makes up 42.63% (2013: 64.40%) of the receivables balance.

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.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group and the parent entity at the balance date are recorded at amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

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

	2014 $	2013 $
Current assets	41,234,007	44,782,686
Non-current assets	27,685,367	26,517,784
Total assets	68,919,374	71,300,470
Current liabilities	253,434	279,478
Total Liabilities	253,434	279,478
Net assets	68,665,940	71,020,992
Shareholders' equity		
Contributed equity	87,651,716	87,872,818
Reserves	580,953	469,219
Accumulated profit/(loss)	(19,566,729)	(17,321,045)
Net equity	68,665,940	71,020,992
(Loss)/profit for the year after tax	(2,245,686)	(1,572,700)
Total comprehensive income/(loss)	(2,245,686)	(1,572,700)

(b) Guarantees entered into by parent entity

	2014 $	2013 $
Unconditional performance bonds issued in relation to rehabilitation and rental obligations	352,000	355,570

The parent entity has given guarantees in respect of exploration rehabilitation and restoration. The parent entity has also provided a bank guarantee to secure its obligations to pay rental under the lease for its premises. These guarantees are secured by cash deposits of equivalent or greater value lodged with the issuing bank (see Note 9).

(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:

	2014 $	2013 $
Unconditional performance bonds issued in relation to rehabilitation and rental obligations	352,000	355,570

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 (2013 – nil).

4. REVENUE

From continuing operations

	Consolidated Group	
	2014 $	2013 $
Reimbursement of exploration costs	755,242	413,243
Other revenue	451,829	1,089,964
Interest	1,695,348	2,138,115
	2,902,419	3,641,322

5. LOSS FOR THE YEAR

Expenses

	Consolidated Group	
	2014 $	2013 $
Cost of sales	-	-
Impairment of property, plant & equipment	10,911	636,959
Rental expense on operating leases		
minimum lease payments	447,038	429,844
Exploration expenditure	3,515,847	4,277,870

6. INCOME TAX EXPENSE

		Consolidated Group	
		2014 $	2013 $
(a)	The components of tax expense comprise:		
	Current tax	-	-
	Deferred tax	-	-
	Prior year tax adjustment	-	-
	Income tax expense reported in the statement of comprehensive income	-	-
(b)	Numerical reconciliation of income tax expense to prima facie tax payable:		

		Consolidated Group	
		2014 $	2013 $
	Loss from continuing operations before income tax expense	(4,554,592)	(5,241,175)
	Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2013: 30%)	(1,366,378)	(1,572,353)
	Add tax effect of:		
	- Non-allowable items	45,424	1,275
	- Prior year tax adjustment	21,560	-
	- Revenue losses not recognised	1,471,724	1,820,248
		172,330	249,170
	Less tax effect of:		
	- Non-assessable items	9,702	200,980
	- Deferred tax balances not recognised	162,628	31,763
	- Prior year adjustment	-	16,427
	Income tax expense reported in the statement of comprehensive income	-	-
(c)	Deferred tax recognised:		
	Deferred tax liabilities:		
	Accrued interest	(61,563)	(94,350)
	Other	(1,832)	(1,911)
	Deferred tax assets:		
	Carry forward revenue losses	63,395	96,261
	Net deferred tax	-	-
(d)	Deferred tax not recognised:		
	Deferred Tax Assets at 30%:		
	Carry forward losses	12,245,874	10,791,876
	Capital raising costs	236	179,351
	Property, plant & equipment	840,228	840,491
	Exploration and development	158,893	158,892
	Provisions and accruals	38,029	30,243
	Other	60,615	50,807
		13,343,875	12,051,660

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.

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. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2014 $	2013 $
Cash at bank and in hand	836,569	633,849
Short-term deposits	40,098,691	42,852,154
Cash and cash equivalents as shown in the balance sheet and the statement of cash flows	40,935,260	43,486,003

8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2014 $	2013 $
Trade debtors	93,165	125,866
Sundry receivables	544,862	1,655,318
Accrued interest income	205,210	314,500
Prepayments	141,517	171,201
	984,754	2,266,885

The Group has a concentration of credit risk with respect to one entity holding 42.63% (2013: 64.40%) of the trade debtors. The class of assets described as “trade and other receivables” is considered to be the main source of credit risk related to the Group.

	Gross Amount	Past due but not impaired (days overdue)			
		< 30	31–60	61–90	> 90
2014					
Trade and debtors	93,165	1,350	-	-	-
Total	93,165	1,350	-	-	-
2013					
Trade and debtors	125,866	49,209	-	-	-
	125,866	49,209	-	-	-

Neither the Group nor parent entity holds any financial assets with terms that have been renegotiated, which would otherwise be past due or impaired.

9. NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

	Consolidated Group	
	2014 $	2013 $
Bonds & security deposits	360,358	427,928
	360,358	427,928

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

	Consolidated Group	
	2014 $	2013 $

	Consolidated Group	
	2014 $	2013 $
Plant and equipment		
Cost	3,252,762	3,466,559
Accumulated depreciation	(1,803,303)	(1,482,214)
Net book amount	1,449,459	1,984,345
Plant and equipment		
Opening net book amount	1,984,345	3,189,210
Additions	-	5,039
Depreciation charge	(460,886)	(362,381)
Revaluations	(2,163)	(636,959)
Disposals	(71,837)	(210,564)
Closing net book amount	1,449,459	1,984,345
Motor Vehicles		
Cost	463,663	511,132
Accumulated depreciation	(325,403)	(298,704)
Net book amount	138,260	212,428
Motor Vehicles		
Opening net book amount	212,428	376,302
Additions	14,213	15,665
Depreciation charge	(64,060)	(101,963)
Disposals	(24,321)	(77,576)
Closing net book amount	138,260	212,428
Property and buildings		
Cost	2,989,956	2,989,956
Accumulated depreciation	(53,576)	(42,838)
Net book amount	2,936,380	2,947,118
Property and buildings		
Opening net book amount	2,947,118	2,950,162
Additions	-	7,378
Depreciation charge	(10,738)	(10,422)
Closing net book amount	2,936,380	2,947,118
Software		
Cost	295,944	292,034
Accumulated depreciation	(273,302)	(227,444)
Net book amount	22,642	64,590
Software		
Opening net book amount	64,590	91,643
Additions	3,910	32,417
Depreciation charge	(37,110)	(59,470)
Revaluations	(8,748)	-
Disposals	-	-
Closing net book amount	22,642	64,590
Exploration equipment		
Cost	208,423	224,825
Accumulated depreciation	(173,882)	(165,631)
Net book amount	34,541	59,194
Exploration equipment		
Opening net book amount	59,194	83,249
Additions	444	1,941
Depreciation charge	(18,777)	(25,488)

	Consolidated Group	
	2014 $	2013 $
Disposals	(6,320)	(508)
Closing net book amount	34,541	59,194
Furniture and Fittings		
Cost	146,627	145,035
Accumulated depreciation	(98,973)	(89,726)
Net book amount	47,654	55,309
Furniture and Fittings		
Opening net book amount	55,309	61,551
Additions	1,592	5,694
Depreciation charge	(9,247)	(11,936)
Disposals	-	-
Closing net book amount	47,654	55,309
Computer equipment		
Cost	171,189	201,745
Accumulated depreciation	(151,674)	(159,966)
Net book amount	19,515	41,779
Computer equipment		
Opening net book amount	41,779	83,328
Additions	1,228	6,126
Depreciation charge	(21,693)	(39,983)
Disposals	(1,799)	(7,692)
Closing net book amount	19,515	41,779
Leasehold Improvements		
Cost	809,232	809,233
Accumulated depreciation	(340,087)	(274,390)
Net book amount	469,145	534,843
Leasehold Improvements		
Opening net book amount	534,843	609,684
Additions	-	-
Depreciation charge	(65,698)	(74,841)
Closing net book amount	469,145	534,843
Total Assets		
Cost	8,337,796	8,640,519
Accumulated depreciation	(3,220,200)	(2,740,913)
Net book amount	5,117,596	5,899,606
Total Assets		
Opening net book amount	5,899,606	7,445,129
Additions	21,387	74,260
Depreciation charge	(688,209)	(686,484)
Revaluations	(10,911)	(636,959)
Disposals	(104,277)	(296,340)
Closing net book amount	5,117,596	5,899,606

Impairment Losses – Plant & Equipment

The total impairment loss of plant & equipment recognised in the statement of profit or loss during the year amounted to $10,911 (2013: $636,959) and is separately presented in the statement as “impairment of property, plant and equipment”. The prior year’s impairment charge relates to items of plant and equipment acquired by the Company in 2010 to undertake mining operations. The directors determined that the items could no longer be carried at their written down value, but needed to be written down to their estimated realisable value (with reference to the market price of similar equipment of a similar age used as a benchmark), resulting in the impairment charge.

11. NON-CURRENT ASSETS - INTANGIBLE ASSETS

	Consolidated Group	
	2014 $	2013 $
Formation expenses	-	-
Cost	4,147	4,147
Accumulated amortisation	(4,147)	(4,147)
Net book amount	-	-

12. CURRENT LIABILITIES

		Consolidated Group	
		2014 $	2013 $
(a)	**Trade and other payables**		
	Trade payables	182,228	234,569
	GST and tax liabilities	(31,871)	(49,319)
	Other payables and accruals	109,064	83,843
		259,421	269,093
(b)	**Provisions**		
	Leave		
	Opening balance at 1 July	81,074	81,468
	Additional provisions	85,829	87,479
	Amounts used	(94,651)	(87,873)
	Balance at 30 June	72,252	81,074

13. CONTRIBUTED EQUITY

			2014		2013	
		Notes	Number of securities	$	Number of securities	$
(a)	**Share capital**					
	Ordinary shares fully paid	13b, 13d		87,651,716		87,872,818
	Total contributed equity			87,651,716		87,872,818
(b)	**Movements in ordinary share capital**					
	Beginning of the financial year		233,283,496	87,872,818	235,379,896	88,111,698
	Issued during the year:					
	Bought back		(1,800,000)	(220,002)	(2,096,400)	(237,692)
	Less: Transaction costs			(1,100)		(1,188)
	End of the financial year		231,483,496	87,651,716	233,283,496	87,872,818

	Consolidated Group

		2014 $	2013 $
(c)	**Movements in options on issue**		
	Beginning of the financial year	2,000,000	6,000,000
	Exercised, cancelled or expired during the year:	-	-
	Exercisable at 40 cents, on or before 22 February 2016	-	(1,000,000)
	Exercisable at 40 cents, on or before 31 January 2016	-	(3,000,000)
	End of the financial year	2,000,000	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 2014 and 30 June 2013 are as follows:

	Consolidated Group	
	2014 $	2013 $
Cash and cash equivalents	40,935,260	43,486,003
Trade and other receivables	984,753	2,266,886
Trade and other payables	(259,421)	(269,093)
Working capital position	41,660,592	45,483,796

14. RESERVES AND ACCUMULATED LOSSES

		Consolidated Group	
		2014 $	2013 $
(a)	**Reserves**		
	Share-based payments reserve		
	Balance at beginning of year	469,219	983,691
	Employees and contractors performance rights issued	111,734	-
	Employees and contractors share options lapsed/cancelled	-	(514,472)
	Balance at end of year	580,953	469,219
(b)	**Retained earnings / (accumulated losses)**		
	Balance at beginning of year	(36,611,782)	(31,885,078)
	Net profit/(loss) for the year	(4,554,592)	(5,241,176)
	Employees and contractors share options lapsed	-	514,472
	Balance at end of year	(41,166,374)	(36,611,782)

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 2014.

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

	Consolidated Group	
	2014 $	2013 $
Short-term benefits	1,074,797	1,227,955
Superannuation	91,482	81,737
Consulting Fees	392,413	439,830
Termination benefits	18,333	-
Share-based payments	86,080	-
	1,663,105	1,749,522

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 27 to 33.

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 and termination benefits.

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.

17. INTERESTS IN JOINT ARRANGEMENTS

(a) Bauxite Alumina Joint Venture Pty Ltd

The Group has a 50% interest in Bauxite Alumina Joint Venture Pty Ltd, a jointly controlled entity. This Joint Venture entity acts as the Manager of the Joint Operations in (b) and (c) below. The entity receives Management Fees for its services. In accordance with AASB11 this entity is Equity Accounted and is excluded from the Consolidated Group table below.

Information about this Joint Venture is presented below:

Name	Pace of Business / Incorporation	Classification	Proportion of Ordinary Share Interests		Measurement Method	Carrying Amount	
			2014 %	2013 %		2014 $	2013 $
Bauxite Alumina Joint Venture Pty Ltd	Perth, Australia	Joint Venture	50	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	
Summarised Financial Position	2014 $	2013 $
Current assets	137,422	295,244
Non-current assets	1,233,425	1,167,541
Current liabilities	1,458,602	1,586,400
Non-current liabilities	-	-
NET ASSETS	(87,755)	(123,615)
Group's Share	50%	50%
Group's Share of joint venture's net assets - unrecognised	(43,878)	(61,808)
Summarised Financial Performance		
Income	43,079	-
Expenses	-	(109,514)
Income tax expense	(7,219)	(14,103)
Net profit / (loss) after tax	35,860	(123,617)
Group's Share	50%	50%
Group's Share of joint venture's net profit/(loss) after tax	-	(1)
Reconciliation to Carrying Amounts		
Group's share of joint venture's opening net assets	-	1
Group's share of joint venture's net profit/(loss) after tax	-	(1)
Group's share of joint venture's closing net assets (Closing carrying amount of investment)	-	-

The Group's share of losses in the year ended 30 June 2013 is limited to $1 such that its net share of the joint venture entity's net assets is reduced to $Nil. 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 2014, the total share of unrecognised losses amounted to $43,878.

(b) Alumina Refinery Joint Venture

The Group has a 10% interest in the Alumina Refinery Joint Venture ("ARJV"), whose principal activity is 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.

Under the current terms of the ARJV, in the event that a bankable feasibility study is completed and the participants agree to construct a refinery, 9% of the capital expenditure will be met by BRL, however, it will be entitled to 30% of the alumina production and pay 30% of the operating costs.

(c) Bauxite Resource Joint Venture

The Group has 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 (as specifically set out in the agreement) to support the development of bauxite mining and the conduct of mining operations to supply bauxite to an alumina refinery under the terms of the Agreement.

The Company has 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:

	Consolidated Group	
	2014 $	2013 $
Current assets	873,920	1,418,047
Non-current assets	66,781	91,721
Current liabilities	75,939	90,082
Income	9,716	27,564
Expenses	1,905,512	2,976,361

(d) Exploration Commitments

	Consolidated Group	
	2014 $	2013 $
Share of expenditure commitments of jointly controlled entities		
Exploration commitments		
Payable within one year	552,860	820,816
Payable later than one year but not later than five years	940,522	1,628,870
	1,493,382	2,449,686

The commitments above refer to granted tenements as at 30 June 2014. The commitments of the joint ventures are disclosed in note 21.

(e) 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.

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. Mining – Direct Shipping Ore

In the 2010 year, the Company exported trial shipments to Chinese customers being three shipments of bauxite totalling approximately 128,000 tonnes. No further operations have been undertaken since then. The company still holds assets that were acquired to undertake the shipments of ore.

ii. Exploration

The Group has continued to advance its business case of defining an economic bauxite resource necessary to support a direct shipping ore (DSO) operation. The Group is also exploring for refinery grade bauxite on its tenements in the south-west of Western Australia.

iii. Bankable feasibility and other studies

During the 2011 financial year, the Company entered into an agreement with Yankuang for an alumina refinery joint venture.

iv. Administration & Other

The administration area supports the above mining, exploration and bankable feasibility 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.

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	Operations	BFS & other studies	Administration & other	Total
	$	$	$	$	$
30 June 2014					
REVENUE					
External sales	755,242	-	-	-	755,242
Inter-segment sales	-	-	-	-	-
Interest revenue	-	-	-	1,695,348	1,695,348
Other revenue	-	-	-	451,829	451,829
Total segment revenue	755,242	-	-	2,147,77	2,902,419
Segment net loss before tax	(2,759,291)	-	-	(1,107,092)	(3,866,383)
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					(688,209)
— Income tax expense					-
Net loss before tax from continuing operations					(4,554,592)

i. Segment performance

	Exploration	Operations	BFS & other studies	Administration & other	Total
	$	$	$	$	$
30 June 2013					
REVENUE					
External sales	413,243	-	-	-	413,243
Inter-segment sales	-	-	-	-	-
Interest revenue	-	-	-	2,138,115	2,138,115
Other revenue	-	-	-	1,089,964	1,089,964
Total segment revenue	413,243	-	-	3,228,079	3,641,322
Segment net loss before tax	(3,141,023)	-	-	(1,413,669)	(4,554,692)
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					(686,484)
— Income tax expense					-
Net loss before tax from continuing operations					(5,241,176)

ii. Segment assets

	Exploration	Operations	BFS & other studies	Administration & other	Total
	$	$	$	$	$
30 June 2014					
Segment assets	248,560	-	-	47,149,407	47,397,967
Total group assets					47,397,967
30 June 2013					
Segment assets	377,812	-	-	51,702,609	52,080,421
Total group assets					52,080,421

iii. Segment liabilities

	Exploration	Operations	BFS & other studies	Administration & other	Total
	$	$	$	$	$
30 June 2014					
Segment liabilities	142,060		400	189,213	331,673
Total group liabilities					331,673
30 June 2013					
Segment liabilities	212,319		1,663	136,185	350,167
Total group liabilities					350,167

iv. Major customers

The Group has one major party that it received monies from in relation to recoupment's for exploration costs (seen within the exploration segment above). 100% (2013: 100%) of this item was received from one external entity.

19. REMUNERATION OF AUDITORS

		Consolidated Group	
		2014 $	2013 $
(a)	**Audit services**		
	Moore Stephens - audit and review of financial reports	40,183	34,425
	Total remuneration for audit services	40,183	34,425
(b)	**Non-audit services**		
	Moore Stephens – Taxation services	25,998	25,545
	Total remuneration for other services	25,998	25,545

20. CONTINGENCIES

Proposed Shareholder Claim

On 10 September 2014, the Company executed a conditional agreement to settle that claim, prior to any proceedings having been commenced. The claim was proposed on behalf of individuals and entities (described in the claim as group members) who acquired shares in the Company in the October 2009 placement of 60 million shares at $0.95 each. It included allegations that the Company engaged in misleading and deceptive conduct in marketing the 2009 placement. A separate claim was foreshadowed in respect of certain of the group members' on-market purchases.

Subject to certain conditions being met by the group members including a vote by them to accept the settlement, the Company will pay $5.25 million, without any admission of liability. The remaining terms of the settlement are confidential. If the settlement proceeds, both of the claims will be resolved.

The Company is not aware of any other contingent liabilities as at 30 June 2014 or at the date of this report.

21. COMMITMENTS

		Consolidated Group	
		2014 $	2013 $
(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	1,370,406	1,688,816
	later than one year but not later than five years	1,965,735	3,461,371
	Later than five years	-	-
		3,336,141	5,150,187
	The exploration commitments above reflect a commitment of 30% of total minimum annual expenditure requirements for tenements included in the Bauxite Resource Joint Venture Agreement. As legal title remains with BRL, it is the responsibility of the Company to meet these minimum expenditure requirements. Total commitments on tenements held by BRL total $2,660,412 (2013: $3,604,054) within one year and $4,160,285 (2013: $7,262,068) later than one year but not later than five years.		
(b)	**Commercial property lease commitments**		
	within one year	731,456	702,023
	later than one year but not later than five years	432,905	1,164,361
	Later than five years	-	-
	Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	1,164,361	1,866,384
	The property lease is a non-cancellable lease with a six-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments to increase annually by set margins for 2 years followed by CPI increases. An option exists to renew the lease at the end of the six-year term for an additional term of three years. The lease allows for subletting of all lease areas.		
(c)	**Remuneration commitments**		
	Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel referred to in section C of the remuneration report on page 30 that are not recognised as liabilities and are not included in the key management personnel compensation.		
	within one year	120,000	180,000
	later than one year but not later than five years	-	-
	Later than five years	-	-
		120,000	180,000

22. RELATED PARTY TRANSACTIONS

		Consolidated Group	
		2014 $	2013 $
(a)	**Amounts received from related parties**		
	Bauxite Alumina Joint Ventures Pty Ltd	402,077	337,817
	Bauxite Resource Joint Venture	113,723	189,919
	Alumina Refinery Joint Venture	-	-
		515,800	527,736
(b)	**Amounts paid to related parties (excluding equity contributions**		
	Bauxite Alumina Joint Ventures Pty Ltd	19,098	20,960
	Bauxite Resource Joint Venture	21,334	65,005
	Alumina Refinery Joint Venture	-	-
		40,432	85,965

		Consolidated Group 2014 $	Consolidated Group 2013 $
(c)	**Trade and other receivables from related parties**		
	Bauxite Alumina Joint Ventures Pty Ltd	33,047	32,323
	Bauxite Resource Joint Venture	2,200	19,916
	Alumina Refinery Joint Venture	-	-
		35,247	52,239
(d)	**Trade and other payables to related parties**		
	Bauxite Alumina Joint Ventures Pty Ltd	1,120	1,183
	Bauxite Resource Joint Venture	4,500	-
	Alumina Refinery Joint Venture	-	-
		5,620	1,183

23. SUBSIDIARIES

Name	Country of Incorporation	Date of Incorporation	Class of Shares	Equity Holding[1] 2014 %	Equity Holding[1] 2013 %
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	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

Capital Return

The Company announced on 17 June 2014 that the BRL Board had recommended a capital return of 4 cents per share, subject to shareholder approval. This followed a funding requirements review of its operations, projects and working capital to determine where shareholders' funds would be best allocated to create short and long term shareholder value, sufficient funds were identified to support BRL's wholly owned projects and JV arrangements in the near term.

As a consequence of this review, the BRL Board has identified surplus cash to the Company's current requirements and therefore is proposing to return 4 cents per share to shareholders in the form of a capital return. The Extraordinary General Meeting was held on the 29 August 2014 and shareholders approved the Capital return. An amount of $9.276 million was returned to shareholders on 11 September 2014.

On 10 September 2014, the Company executed a conditional agreement to settle the proposed legal action against the Company. Refer to note 20 for further details of the contingency.

No other matters or circumstance have arisen since 30 June 2014 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	
	2014 $	2013 $
Cash flows from operating activities		
Net profit/(loss) for the year	(4,554,592)	(5,241,176)
Non cash Items		
Depreciation and amortisation	688,209	686,484
Share-based payments expense	111,734	-
Revaluation of property, plant and equipment	10,911	636,959
Net (gain)/loss on disposal of property, plant and equipment	57,805	(39,325)
	(3,685,933)	(3,957,058)
Movements in working capital, net of effects from purchase of controlled entities		
(Increase)/ Decrease in trade and other receivables	1,282,132	(568,460)
Increase/ (Decrease) in trade and other payables	(18,495)	(208,878)
Net cash inflow/(outflow) from operating activities	(2,422,296)	(4,734,396)

26. EARNINGS PER SHARE

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

	Consolidated Group	
	2014 $	2013 $
Profit or loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	(4,554,592)	(5,241,176)

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

	Consolidated Group	
	2014 Number of shares	2013 Number of shares
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	231,632,857	235,296,198
Weighted average number of dilutive options outstanding	2,000,000	3,301,370
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	233,632,857	238,597,568

(c) Information on the classification of options

As the Company has made a loss for the year ended 30 June 2014, all options on issue are considered anti-dilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

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			
	2014		2013	
	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	6,000,000	36.7
Granted	-	-	-	-
Forfeited/cancelled/expired	-	-	(4,000,000)	23.3
Exercised	-	-	-	-
Outstanding at year-end	2,000,000	40.0	2,000,000	40.0
Exercisable at year-end	2,000,000	40.0	2,000,000	40.0

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 1.65 years (2013: 2.65 years), with exercise prices of 40 cents. No options were granted during this year.

Performance Rights

An independent valuation was completed on performance rights granted during the year. 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.

Consolidated Group				
Description	Grant date	Expiry date	Number of performance rights	Weighted average value cents
2014				
Peter Canterbury - Class A	14 November 2013	20 May 2015	2,000,000	4.6
(i) The Company's market capitalisation averaging over a period of 60 consecutive days of trading a daily average of not less than $50M; and				
(ii) Completing 12 months of continuous employment with the Company to 20 May 2014.				
Peter Canterbury - Class B	14 November 2013	20 May 2016	2,000,000	4.3
(i) The Company's market capitalisation averaging over a period of 60 consecutive days of trading a daily average of not less than $70M; and				
(ii) Completing 24 months of continuous employment with the Company to 20 May 2015.				
Peter Canterbury - Class C	14 November 2013	20 May 2017	2,000,000	4.4
(i) The Company's market capitalisation averaging over a period of 60 consecutive days of trading a daily average of not less than $90M; and				
(ii) Completing 36 months of continuous employment with the Company to 20 May 2016.				
Employee - Class A	17 December 2013	31 July 2014	414,200	8.1
Rights subject to performance criteria prior to 30 June 2014. Subsequent to year end these rights have converted into fully paid ordinary shares after meeting performance hurdles.				
Employee - Class B	17 December 2013	31 July 2015	348,800	8.4
Rights subject to performance criteria prior to 30 June 2015.				
Employee - Class C	17 December 2013	31 July 2016	327,000	8.4
Rights subject to performance criteria prior to 30 June 2016.				

	Consolidated Group			
Description	Grant date	Expiry date	Number of performance rights	Weighted average value cents
2013				
Sam Middlemas Class A [1]	25 March 2013	31 December 2013	1,000,000	-
Rights to be issued if the Company's market capitalisation trades above $50M for 30 consecutive days prior to 31 December 2013.				
Sam Middlemas Class B	25 March 2013	31 December 2014	500,000	-
Rights to be issued if the Company's market capitalisation trades above $72.5M for 60 consecutive days prior to 31 December 2014.				

Note 1 – Performance rights expired in 2014.

	Consolidated Group	
	2014 No.	2013 No.
Performance rights awarded to directors, employees & contractors	7,090,000	1,500,000

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 2014 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 2014; 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, 19 September 2014

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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 2014, 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.

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 2014 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 2014. 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 2014 complies with s 300A of the *Corporations Act 2001*.

Moore Stephens

Suan-Lee Tan
Partner

Moore Stephens
Chartered Accountants

Signed at Perth this 19th day of September 2014

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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 9 September 2014:

(a) 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	130	53,261
1,001 – 5,000	383	1,281,113
5,001 – 10,000	322	2,685,912
10,001 – 100,000	867	34,136,053
100,001 and over	189	193,741,357
	1,891	231,897,696
The number of equity security holders holding less than a marketable parcel (based on a 11.0c price) of securities are:	430	922,107

(b) Twenty largest shareholders

	Listed ordinary shares	
Holder name	Number of shares	Percentage of ordinary shares
1. HD Mining & Investments Pty Ltd	19,700,000	8.50%
2. Yankuang Resources Pty Ltd	19,700,000	8.50%
3. Big Fish Nominees Pty Ltd	17,666,666	7.62%
4. Tailrain Pty Ltd (Childrens A/C)l	17,016,667	7.34%
5. Jetosea Pty Ltd	13,058,996	5.63%
6. Dilkara Nominees Pty Ltd (Milwood Smith A/C)	12,216,667	5.27%
7. Scarborough Equities Pty Ltd	11,575,000	4.99%
8. HSBC Custody Nominees Australia Ltd	8,723,369	3.76%
9. Merrill Lynch Australia Nominees Pty Ltd	3,843,200	1.66%
10. J P Morgan Nominees Australia Ltd	3,169,606	1.37%
11. Prometheus Holdings Pty Ltd (Peter Carroll P/F)	3,096,308	1.34%
12. Angus Troy Christopher	2,200,000	0.95%
13. Dilkara Nominees Pty Ltd (BMS Super A/C)	2,000,000	0.86%
14. Romadak Pty Ltd (Romadak S/F A/C)	1,700,000	0.73%
15. Spectral Inv Pty Ltd (Lithgow Family A/C)	1,662,500	0.72%
16. Pathold No 77 Pty Ltd (Ackerman S/F A/C)	1,659,307	0.72%
17. Yuen Kwan Hung + Sze M C	1,651,900	0.71%
18. Cs Fourth Nom Pty Ltd	1,598,956	0.69%
19. ABN AMRO Clearing Sydney (Customer A/C)	1,288,433	0.56%
20. Topaz Pty Ltd	1,000,000	0.43%
	144,527,575	62.35%

(c) 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
HD Mining & Investments Pty Ltd	19,700,000
Yankuang Resources Pty Ltd	19,700,000
Big Fish Nominees Pty Ltd	17,666,666
Tailrain Pty Ltd (Childrens A/C)	17,016,667
Jetosea Pty Ltd	13,058,996
Dilkara Niminees Pty Ltd (Milwood Smith A/c)	12,216,667
Scarborough Equities Pty Ltd	11,575,000

(d) Voting rights

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

(e) Unquoted options

	Number of holders	Number of securities issued
Options		
40 cents options expiring 22 February 2016 – John Sibly	1	2,000,000
Performance Rights		
Sam Middlemas Class B [1]	1	500,000
Peter Canterbury Class A [2]	1	2,000,000
Peter Canterbury Class B [3]	1	2,000,000
Peter Canterbury Class C [4]	1	2,000,000
Employee Class A [5]	5	414,200
Employee Class B [6]	5	348,800
Employee Class C [7]	5	327,000
	7	7,590,000

Notes:

(1) Performance rights to be issued if BAU's market capitalisation trades above $72.5m for 60 consecutive days prior to 31/12/2014.

(2) The Company's market capitalisation averaging over a period of 60 consecutive days of trading a daily average of not less than $50M; and completing 12 months of continuous employment with the Company to 20 May 2014.

(3) The Company's market capitalisation averaging over a period of 60 consecutive days of trading a daily average of not less than $70M; and completing 24 months of continuous employment with the Company to 20 May 2015,

(4) the Company's market capitalisation averaging over a period of 60 consecutive days of trading a daily average of not less than $90M; and completing 36 months of continuous employment with the Company to 20 May 2016.

(5) Rights subject to performance criteria prior to 30 June 2014 for rights vesting 31 July 2014

(6) Rights subject to performance criteria prior to 30 June 2015 for rights vesting 31 July 2015

(7) Rights subject to performance criteria prior to 30 June 2016 for rights vesting 31 July 2016.

(f) 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)	
E70/3618	Popanyinning
E70/3652	Quanamining
E70/4342	Narrogin
E70/4586	Newdale
E70/4595	Carrabening Pool
E70/4619	Yarawindah
Darling Range Tenements (Application)	
E70/4565	Ebenazer Flats
E70/4300	Quindanning
Northern Territory Tenements (Application)	
EL27302	Drysdale Island
EL27303	Raragala Island

ASX ADDITIONAL INFORMATION

BRL TENEMENTS (BAUXITE RIGHTS ONLY)

BRL retain 100% bauxite interest on the following tenements

Tenement	Location
Darling Range Tenement (Granted)	
E70/2230	Wundowie

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 Tenements (Granted)	
E70/3160	Toodyay
E70/3405	Victoria Plains
E70/3179	Congelin
E70/3180	Dattening
E70/3890	Wandering
Darling Range Tenements (Application)	
E70/3599	Goodenine Pool

YANKUANG JOINT VENTURE INTERESTS

Bauxite Resources Limited has 30% interest in the bauxite rights on the tenements below. BRL retain 100% interest in other minerals on tenements below except E70/3366 and E70/3730

Tenement	Location
Darling Range Tenements (Granted)	
E70/3366	Mackrin Hill
E70/3730	Bakers Hill
E70/3826	Silver Hills
E70/3002	Berry Brow
E70/3007	Gillingarra
E70/3064	Bindoon
E70/3159	Jimperding
E70/3432	West Toodyay
E70/3564	Bejoording
E70/3597	Boonaring Hill
E70/3598	Coolingoort
E70/3688	Kodara
E70/3731	Bakers Hill
E70/3900	Jimperding Hill
E70/4021	Miwana
E70/4022	Boononging
E70/3651	Mt Talbot
E70/3487	Hotham
E70/3488	Kokendin

Tenement	Location
Darling Range Tenements (Granted)	
E70/3491	Minigin
E70/3576	Darkan
E70/3565	Dinninup
E70/3572	Wahkinup
E70/3573	Condinup
E70/3574	Gnowergerup
E70/3624	Mokup Hill
E70/3643	Crossing Pool
E70/3644	Moodiarrup
E70/3835	Bakers Hill

Tenement	Location
Darling Range Tenements (Application)	
E70/3206	Mt Gorrie
E70/3193	Beechina
E70/3528	Avon Valley
E70/3537	Bald Hill
E70/3707	Trig Road
E70/4010	Woorooloo
E70/4011	Keating Road
E70/3485	Taurus
E70/3205	Hotham
E70/3471	Boyup Brook
E70/3472	Mairdebring
E70/3486	Coodjatotine
E70/3746	Dryandra
E70/3102	Collie Road
E70/3194	Jarrahdale
E70/3195	Harvey
E70/3196	Dandalup
E70/3197	Pt Solid
E70/3204	Wugong

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