

BAUXITE RESOURCES LIMITED

ABN 72 119 699 982

Annual Financial Report

for the year ended 30 June 2010

Corporate Information

ABN 72 119 699 982

Directors

Barry Carbon (Non Executive Chairman)
Luke Atkins (Non Executive Director)
Ding Feng (Non Executive Director)
Yan Jitai (Non Executive Director)
Neil Lithgow (Non Executive Director)
Robert Nash (Non Executive Director)
David McSweeney (Non Executive Director)

Company Secretary and Chief Financial Officer

Paul Fromson

Registered Office

Level 2 Building E, The Garden Office Park
355 Scarborough Beach Road
OSBORNE PARK WA 6017
Telephone: +61 8 9200 6300
Facsimile: +61 8 9200 6399

Solicitors

Steinepreis Paganin
Level 4, The Reid Buildings
16 Milligan Street
PERTH WA 6000

Bankers

Australia and New Zealand Banking Group Limited
7 / 77 St Georges Terrace
PERTH WA 6000

Share Register

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

Auditors

Moore Stephens
Level 3, 12 St George's Terrace
PERTH WA 6000

Internet Address

bauxiteresources.com.au

Securities Exchange Listing

Bauxite Resources Limited shares (ASX code: BAU) are listed on the Australian Securities Exchange.

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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 2010.

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

Barry Carbon AM ATSE, FEIANZ, MSc (Non Executive Chairman, Acting Chief Executive Officer)

Mr Carbon is a member of the Order of Australia, fellow of the Academy of Technological Sciences and Engineering, has a Masters degree in Agricultural Science, a degree in Biochemistry, a member of the Institute of Company Directors and was previously the longest serving chair and CEO of the Western Australian Environmental Protection Authority. He received a centenary medal for services to government, and in 2008 was presented the medal for the International Association of Impact Assessment.

Mr Carbon's experience includes: Chairman of the WA Waste Water Authority; Chief Executive of the Ministry for the Environment, New Zealand; Director General-Queensland Department of Environment and Heritage; Director General-Queensland Environment Protection Agency; Executive Director, EPA, Commonwealth of Australia; The Supervising Scientist, Alligator Rivers Region; Chairman and Commonwealth Representative, National Environment Protection Council Committee and served on the Environmental Protection Authority of Western Australia as Chairman from 1985 – 86 and as Chairman and Chief Executive from 1986-93.

He is a director of the Australian Sustainable Development Institute and Principal of Barry Carbon and Associates.

Mr Carbon's career started as a scientist with CSIRO where he became a research programme leader. In his subsequent five years he led environmental activities for Alcoa of Australia.

Luke Atkins, LLB (Non Executive Director)

Mr Atkins is a lawyer by profession and was previously 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 a director of ASX listed Australian Minerals Mining Group Ltd and has interests in a number of enterprises including agriculture, property development and hospitality. Mr Atkins was a former director of Reclaim Industries Limited in the last 3 years.

Ding Feng, (Non Executive Director, appointed 24 August 2010)

Mr Ding is the General Manager of Shandong No.1 Institute of Geology and Minerals Exploration (SDGM) which is a substantial shareholder in Bauxite Resources Ltd. He has a Bachelor in Geophysical Exploration and post graduate qualifications in Business Management. Mr Ding is a long standing senior executive with SDGM and has held a variety of senior positions with SDGM in geological and technical roles as well as management of over 1,100 employees.

Yan Jitai, (Non Executive Director, appointed 25 February 2010)

Mr Yan is a long standing senior executive of Yankuang Group Corporation (Yankuang) with over 40 years experience in mechanical engineering, coal mining, power generation and aluminium smelting. Mr Yan is currently the General Manager of the Electricity and Aluminium Branch of Yankuang. Yankuang is a substantial shareholder of Bauxite Resources Ltd.

Directors' report (continued)

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 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 former listed company directorships in the last 3 years.

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

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 has not held any former listed company directorships in the last 3 years.

David McSweeney, LLB MAusIMM (Non Executive Director)

Mr McSweeney holds a Bachelor of Law Degree and is a member of the Institute of Company Directors. He has over 20 years experience in the resource sector ranging from exploration to project management, project finance, commercial and legal structuring and corporate development. A founder of Gindalbie Metals, Mr McSweeney was the Managing Director from 1998 to December 2006 and oversaw the discovery and commissioning of two successful gold production centres.

Mr McSweeney is currently executive chairman of ASX Listed Avalon Minerals Limited, a non-executive director of Aspire Mining Limited and has been a former director of Dynasty Metals Limited and Gindalbie Metals Limited within the last 3 years.

Daniel Tenardi, (Managing Director, resigned 31 May 2010)

Meng Xiangan (Non Executive Director, appointed 7 August 2009, resigned 24 August 2010)

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 in the shares and options of Bauxite Resources Limited were:

	Ordinary Shares	Options over Ordinary Shares
Luke Atkins	17,041,667	3,000,000
Barry Carbon	-	-
Ding Feng	-	-
Yan Jitai	-	-
Neil Lithgow	19,366,666	3,000,000
David McSweeney	527,500	6,000,000
Robert Nash	254,900	750,000

COMPANY SECRETARY

Paul Fromson, BCom, CPA, DipCM, ACIS, (appointed 18 December 2008)

Paul Fromson is a finance professional with over 15 years experience in accounting and company administration for ASX Listed Companies involved in mining and exploration. He graduated from University of Western Australia with a Bachelor of Commerce and is a member of both the Certified Practising Accountants of Australia and the Institute of Chartered Secretaries and Administrators. Mr Fromson is also a licensed Tax Agent and was formerly a licensed Finance Broker having previously run businesses in both these areas. Mr Fromson has previous experience in the aluminium industry having worked for a part owner of the Worsley Alumina Refinery and Boddington Gold Mine in Western Australia, and the Boyne Aluminium Smelter in Queensland.

Directors' report (continued)

REVIEW OF OPERATIONS

Principal activities

During the year, the Company carried out exploration on its tenements and applied for or acquired additional tenements with the objective of identifying economic bauxite deposits. The Company signed agreements with the Shandong Bureau of Mineralogy and Geology to further exploit its tenements and to explore for minerals other than bauxite.

The Company commenced shipping of bauxite during the year with three trial shipments of bauxite exported to Chinese customers. The Company is awaiting further environmental approvals before it can recommence shipping operations.

The Company also advanced its bankable feasibility study for an alumina refinery in the south-west of Western Australia after it signed a Heads of Agreement with a large international Chinese company in Yankuang Group Corporation Ltd.

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

Dividends

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

Finance Review

The Group ended the financial year with a cash reserve of \$54,403,925. Bauxite Resources Limited raised \$57 million through a public placement of 60 million shares to institutional investors and an additional \$9.85 million through the issue of 19.7 million ordinary shares at 50 cents each via a private placement to Yankuang Group Corporation Ltd. Staff exercised 1,991,668 unlisted options at between 20-50 cents each raising a further \$667,209.

The Company allotted and issued unlisted options to a director and staff as follows.

Recipient	Date options issued	Expiry date	Exercise price (cents)	Number of options
Staff	10 July 2009	30 June 2012	40	300,000
Staff	10 August 2009	30 June 2012	50	700,000
Managing Director*	13 November 2009	30 November 2013	90	2,000,000
Managing Director*	13 November 2009	30 November 2013	110	2,000,000
Staff	10 February 2010	30 June 2012	100	3,750,000

*All options issued to the Managing Director were forfeited prior to any vesting conditions being complete.

The Group has recorded an operating loss after income tax for the year ended 30 June 2010 of \$17,715,689 (2009: \$5,145,954 loss). At 30 June 2010 funds available totalled \$54,403,925.

Operating results for the year

Summarised operating results are as follows:

	2010	
	Revenues	Results
	\$	\$
Consolidated entity revenues and loss from ordinary activities before income tax expense	5,070,037	(17,715,689)

Shareholder returns

	2010	2009
Basic earnings per share (cents)	(8.78)	(4.4)

Directors' report (continued)

Risk Management

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

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

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

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows:

- A private placement of 19.7 million shares at \$0.50 each to raise \$9.85 million was completed on 25 January 2010.
- A placement of 60 million shares to institutional and sophisticated investors at \$0.95 each to raise \$57 million
- The Company completed three trial shipments of bauxite to Chinese customers. The Company is awaiting further environmental approvals before it can recommence mining and shipping operations. Development costs associated with the trial mining operation have been written off.
- The aluminium, alumina and bauxite markets in general were weak and in particular bauxite prices have failed to recover to levels seen before the Global Financial Crisis.
- The Company's share price has weakened considerably since the large placement to institutional and sophisticated investors in November 2009. This is likely as a result of a number of setbacks for environmental approvals, the lack of commencement in commercial levels of direct shipping operations, which would not be profitable whilst prices are so depressed and the impact of campaigns against the Company by a litigation funder.
- Overall the Company's cash position improved significantly to over \$54 million cash on hand at the end of the year.
- The Company purchased equipment and property to facilitate the mining project at a cost of approximately \$6million.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Bauxite Resources Ltd signed, on the 24th September 2010, a further Heads of Agreement with its long term Chinese partner, Yankuang Corporation ("Yankuang"), to complete a bankable feasibility study for the design and construction of a modern refinery in the southwest of Western Australia to refine Darling Range bauxite into alumina. The further Heads of Agreement requires shareholder and regulatory approval.

The refinery approximate design capacity will be 1.1 million tonnes per annum (mtpa) of alumina which will require approximately 3.5mtpa of bauxite. The Company and Yankuang propose that construction will be commenced within 5 years subject to a bankable feasibility study, site selection, environmental and regulatory approvals.

Under the terms of the binding heads of agreement, Yankuang has agreed to fund 91% of the refinery's construction costs in return for receipt of 70% of the alumina product, with Bauxite Resources Ltd owning / receiving rights to the remaining 30% of alumina.

Bauxite Resources Ltd will pay for the remaining 9% of construction costs and will receive assistance from Yankuang to arrange financing. Yankuang will also off-take half of Bauxite Resources Limited's share of alumina production upon terms to be agreed.

Under the agreement, Yankuang becomes eligible for 70% of Bauxite Resources Limited's Darling Range bauxite rights (except for 1000km² of the Company's Tenements, contained in a separate agreement with the Shandong No.1 Institute of Geology and Minerals Exploration). Any direct use of bauxite for non-refining purposes that is commenced within 3 years will have an allocation split of 51% to Bauxite Resources Ltd and 49% to Yankuang.

In addition, Yankuang has agreed to refund to the Company 70% of previous tenement / exploration costs. Yankuang will also contribute 70% to the cost of future tenement / exploration costs. Should refinery construction not commence within 5 years, the Company will have the option to acquire back 21% of the bauxite rights at that time to restore the Company's 51% and Yankuang's 49% ownership. This option will be at cost plus 15% incurred by Yankuang in respect of that 21% interest.

Directors' report (continued)

SIGNIFICANT EVENTS AFTER THE BALANCE DATE (continued)

A bankable feasibility study will also be carried out alongside the strategy to design and build the alumina refinery. It is now proposed that leading design agencies and consultancies based in China and Australia will be utilised for the bankable feasibility study. This bankable feasibility study will require all the necessary approval processes with Yankuang contributing 90% to the cost and the Company contributing 10%.

There has not been any other event that has arisen since 30 June 2010 which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group is conducting a feasibility study into developing an Alumina Refinery in the south-west of Western Australia and signed a Heads of Agreement with Yankuang Group Corporation Ltd, on 24th September 2010, covering capital, exploration costs and feasibility study costs. The Company expects the Heads of Agreement to be progressed into formal binding agreements in the near future. The Company continues its exploration program for both export and refinery grade bauxite.

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 Additional information

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

Directors' report (continued)

A Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of Bauxite Resources Limited 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 of Bauxite Resources Limited 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 Group.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group 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 length of service and experience) and superannuation. 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 executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, 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 are valued using the Black-Scholes 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 \$250,000). Fees for non-executive directors 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.

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

No relationship exists between shareholder wealth, director and executive remuneration and Company performance.

A Principles used to determine the nature and amount of remuneration (continued)

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

	2010	2009
	\$	\$
Revenue	5,070,037	442,619
Net profit/(loss)	(17,715,689)	(5,145,954)
Earnings per share (cents)	(8.78)	(4.4)

Directors' report (continued)

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 3 and 4 above. The Non Executive Chairman (in his acting role of Chief Executive Officer) has full authority and responsibility for planning, directing and controlling the activities of the Group. 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		Post Employment		Share-based	Termination	Total
	Salary & Fees	Non Monetary	Superannuation	Retirement benefits	Payments Options		
	\$	\$	\$	\$	\$	\$	\$
Directors							
Luke Atkins							
2010	295,800	-	-	-	-	-	295,800
2009	291,123	-	-	-	-	-	291,123
Barry Carbon (appointed 16 November 2009)							
2010	174,765	-	3,440	-	-	-	178,205
2009	-	-	-	-	-	-	-
Yan Jitai (appointed 25 February 2010)							
2010	16,667	-	-	-	-	-	16,700
2009	-	-	-	-	-	-	-
Neil Lithgow							
2010	39,999	-	3,600	-	-	-	43,599
2009	30,000	-	2,700	-	-	-	32,700
David McSweeney							
2010	39,999	-	3,600	-	155,867	-	199,466
2009	30,000	-	2,700	-	267,200	-	199,599
Robert Nash							
2010	189,999	-	3,600	-	-	-	193,599
2009	12,500	-	20,200	-	-	-	32,700
Daniel Tenardi (resigned 31 May 2010)							
2010	1,114,277	-	49,497	-	-	250,000	1,413,774
2009	264,995	-	23,850	-	40,553	-	329,398
Meng Xiangsan							
2010	36,667	-	-	-	-	-	36,667
2009	-	-	-	-	-	-	-
Staff & Consultants							
Paul Fromson (appointed 18 December 2008)							
2010	271,615	-	24,600	-	30,023	-	326,238
2009	71,992	-	-	-	8,633	-	80,625
Graeme Smith (resigned 18 December 2008)							
2010	-	-	-	-	-	-	-
2009	43,694	-	-	-	-	-	43,694
Total key management personnel compensation							
2010	2,179,787	-	88,337	-	185,890	250,000	2,704,014
2009	744,304	-	49,450	-	316,386	-	1,110,140

Directors' report (continued)

C Service agreements

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

Robert Nash

- Term of agreement – 3 years commencing 1 August 2009.
- Monthly retainer fee of \$15,000 for providing legal counsel and advice to the Company as and when requested.

Barry Carbon

- Term of agreement – 1 year commencing 16 November 2009 with the option of extension upon mutual agreement.
- Annual consultancy fee of \$250,000 to be paid to Barry Carbon & Associates, a company controlled by Mr Carbon for advice and implementation on the environmental strategy of the Company and managing operational functions relating to environmental approvals.
- An additional \$50,000 shall be paid upon successful completion of 12 months service. Note, that this agreement is currently suspended whilst Barry Carbon is Acting Chief Executive Officer.

Luke Atkins, Executive Chairman:

- Term of agreement – 2 years commencing 22 October 2007.
- Annual consultancy fee of \$286,000 to be paid to Executive Mining Personnel Pty Ltd, a company controlled by Mr Atkins.
- This agreement expired in October 2009 but was continued on a month but month requirement until being terminated on 30 June 2010.

Daniel Tenardi

- Term of agreement was for 3 years commencing 8 September 2008. The agreement was terminated early on 31 May 2010.

D Share-based compensation

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of Bauxite Resources Limited to increase goal congruence between executives, directors and shareholders. 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 were granted to or vesting with key management personnel during the past 2 years:

	Grant Date	Granted Number	Vested Number as at 30 June 2010	Date vesting or vested and exercisable	Expiry Date	Exercise Price (cents)	Value per grant date (cents)	Exercised Number	% of Remuneration
Directors									
Daniel Tenardi*	19/12/2008	2,000,000	1,333,334	One third each year on anniversary of grant	30/11/2013	35-55	2.0	666,668	12.3%
David McSweeney	18/01/2008	2,000,000	2,000,000	18/01/2008	15/05/2012	25	17.9	Nil	72.9%
David McSweeney	18/01/2008	4,000,000	4,000,000	06/02/2010	15/05/2012	40	13.4	Nil	22.7%
Staff & Consultants									
Paul Fromson	19/03/2009	100,000	100,000	19/03/2009	30/06/2012	30	2.9	100,000	10.7%
Paul Fromson	10/08/2009	700,000	235,000	235,000 on grant date, 235,000 on 30 June 2010 and 230,000 on 30 June 2011	30/06/2012	50	12.8	200,000	9.2%

*Daniel Tenardi was also granted 2,000,000 options exercisable at 90 cents and 2,000,000 options exercisable at 110 cents however these were forfeited prior to any vesting conditions being satisfied and therefore, no expense has been applied to these issues.

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.

Directors' report (continued)

E Additional information

Performance income as a proportion of total compensation

Under the terms of the Employment Agreement of the former Managing Director, Mr Daniel Tenardi, a performance based incentive payment of \$750,000 was paid on the first shipment of bauxite under the Company's trial direct shipping operation. This was paid in November 2009.

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
Luke Atkins	9	9
Barry Carbon (appointed 16 November 2009)	8	8
Yan Jitai (appointed 25 February 2010)	1	4
Neil Lithgow	6	9
David McSweeney	9	9
Robert Nash	8	9
Daniel Tenardi (resigned 31 May 2010)	8	8
Meng Xiangsan	1	8

Notes

A – Number of meetings attended.

B – Number of meetings held during the time the director held office during the year.

Mr Ding was appointed a director after the year end of the year.

SHARES UNDER OPTION

As at 30 June 2010 there were 21,183,332 options issued which remain outstanding.

	Number of options
Beginning of the financial year	21,795,000
Issued during the year:	
– Exercisable at 90 cents, on or before 30 November 2013	2,000,000
– Exercisable at 110 cents, on or before 30 November 2013	2,000,000
– Exercisable at 40 cents, on or before 30 June 2012	300,000
– Exercisable at 50 cents, on or before 30 June 2012	700,000
– Exercisable at 70 cents, on or before 30 June 2012	500,000
– Exercisable at 100 cents, on or before 30 June 2012	3,750,000
Exercised, cancelled or expired during the year:	
– Exercisable at 35 cents, on or before 30 November 2013	(666,668)
– Exercisable at 90 cents, on or before 30 June 2013	(2,000,000)
– Exercisable at 110 cents, on or before 30 June 2013	(2,000,000)
– Exercisable at 25 cents, on or before 30 June 2012	(225,000)
– Exercisable at 30 cents, on or before 30 June 2012	(750,000)
– Exercisable at 35 cents, on or before 30 June 2012	(150,000)
– Exercisable at 40 cents, on or before 30 June 2012	(300,000)
– Exercisable at 50 cents, on or before 30 June 2012	(470,000)
– Exercisable at 70 cents, on or before 30 June 2012	(500,000)
– Exercisable at 100 cents, on or before 30 June 2012	(1,550,000)
– Exercisable at 20 cents, on or before 31 May 2012	(1,250,000)
End of the financial year	21,183,332

Directors' report (continued)

SHARES UNDER OPTION (continued)

Date options issued	Expiry date	Exercise price (cents)	Number of options
10 May 2007	31 May 2012	20	7,750,000
6 Feb 2008	15 May 2012	25	2,000,000
6 Feb 2008	15 May 2012	40	4,000,000
19 December 2008	30 November 2013	45	666,666
19 December 2008	30 November 2013	55	666,666
19 March 2009	30 June 2012	25	300,000
19 March 2009	30 June 2012	35	350,000
19 March 2009	30 June 2012	30	2,720,000
29 May 2009	30 June 2012	35	300,000
10 August 2009	30 June 2012	50	230,000
10 February 2010	30 June 2012	100	2,200,000
Total number of options outstanding at the date of this report			21,183,332

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

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 \$34,050.

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:

	2010	2009
	\$	\$
Due Diligence	13,645	Nil
Taxation services	24,826	2,158

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 13.

Signed in accordance with a resolution of the directors.



Barry Carbon
Chairman
Perth, 29 September 2010

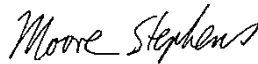
**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION
307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS
OF BAUXITE RESOURCES LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.



**NEIL PACE
PARTNER**



**MOORE STEPHENS
CHARTERED ACCOUNTANTS**

Signed at Perth this 29th day of September 2010.

Corporate governance statement

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 share holding 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 Second Edition ASX Corporate Governance Principles and Recommendations 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.

The board has adopted early the revised Recommendations and the following table sets out the company's present position in relation to each of the revised Principles.

Corporate governance statement (continued)

	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.
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. Acting in its ordinary capacity, the Board from time to time carries out the process of considering and determining performance issues including the identification of matters that may have a material effect on the price of company securities. Whenever relevant, any such matters are reported to ASX
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	A	
2.2	The chair should be an independent director	A	An independent Chairman was appointed in November 2009, however, due to the sudden resignation of the Managing Director on 31 May 2010, the Chairman is currently acting as CEO.
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	N/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 Board with the exception of the director concerned.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	A	The skills and experience of Directors are set out in the Company's Annual Report and on its website.
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: <ul style="list-style-type: none"> • 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 	A	The company has formulated a Code of Conduct which can be viewed on the company's website under Corporate Governance Policies.

A = Adopted

N/A = Not adopted

Corporate governance statement (continued)

	ASX Principle	Status	Reference/comment
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy	A	The company has formulated a Securities Trading Policy, which can be viewed on its website.
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3	A	
Principle 4:	Safeguard integrity in financial reporting		
4.1	The board should establish an audit committee	A	The Company has established an audit committee which comprises only non-executive directors. The charter for this committee is disclosed on the Company's website.
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members 	A A A A	
4.3	The audit committee should have a formal charter	A	
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	A	
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	

A = Adopted
N/A = Not adopted

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
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 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 Principle 7	A	
Principle 8:	Remunerate fairly and responsibly		
8.1	The board should establish a remuneration committee	A	The Company has established a Remuneration Committee Charter which can be viewed on its website.
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	A	
8.3	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

Statements of comprehensive income

YEAR ENDED 30 JUNE 2010	Notes	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
Sales revenue	3	2,754,787	-	-	-
Interest income	3	2,169,116	442,619	2,169,116	442,619
Other income	3	146,134	-	184,676	-
Cost of sales		(8,032,047)	-	-	-
Employee benefits expense		(3,398,081)	(880,873)	(3,398,081)	(880,873)
Exploration written off		(4,267,342)	(2,267,903)	(3,732,635)	(1,779,551)
Bankable feasibility and other studies		(2,543,636)	-	(2,543,086)	-
Administration expenses		(2,507,746)	(1,860,877)	(2,463,396)	(1,849,391)
Depreciation and amortisation expense		(621,461)	(73,665)	(411,772)	(71,254)
Impairment of mining property improvements		(437,392)	-	-	-
(Profit)/loss on disposal of fixed assets		(53,188)	-	(53,188)	-
Share-based payments expense	26	(924,834)	(506,845)	(924,834)	(506,845)
Profit / (loss) before income tax	4	(17,715,689)	(5,147,544)	(11,173,200)	(4,645,295)
Income tax expense	5	-	1,590	-	1,590
Profit / (loss) for the period		(17,715,689)	(5,145,954)	(11,173,200)	(4,643,705)
Profit / (loss) attributable to:					
Members of the parent entity		(17,715,689)	(5,145,954)	(11,173,200)	(4,643,705)
Non-controlling interests		-	-	-	-
		(17,715,689)	(5,145,954)	(11,173,200)	(4,643,705)
Other comprehensive income					
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive income for the period		(17,715,689)	(5,145,954)	(11,173,200)	(4,643,705)
Earnings per share					
From continuing and discontinued operations:					
Basic earnings per share (cents)		(8.8)	(4.4)		
From continuing operations:					
Basic earnings per share (cents)		(8.8)	(4.4)		

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

Statements of financial position

AT 30 JUNE 2010

	Notes	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	6,24	54,403,925	16,502,907	54,403,925	16,502,907
Trade and other receivables	7	728,891	263,902	741,709	259,228
TOTAL CURRENT ASSETS		55,132,816	16,766,809	55,145,634	16,762,135
NON-CURRENT ASSETS					
Other financial assets	8	494,192	110,510	15,564,195	2,537,444
Property, plant and equipment	9	11,935,188	2,233,787	3,898,401	316,457
Tenement acquisition and exploration	10	-	-	-	-
Intangible assets	11	2,731	3,561	587	881
TOTAL NON-CURRENT ASSETS		12,432,111	2,347,858	19,463,183	2,854,782
TOTAL ASSETS		67,564,927	19,114,667	74,608,817	19,616,917
CURRENT LIABILITIES					
Trade and other payables	12a	1,283,253	917,923	1,282,403	917,923
Provisions	12b	145,322	48,181	145,322	48,181
TOTAL CURRENT LIABILITIES		1,428,575	966,104	1,427,725	966,104
TOTAL LIABILITIES		1,428,575	966,104	1,427,725	966,104
NET ASSETS		66,136,352	18,148,563	73,181,092	18,650,813
EQUITY					
Contributed equity	13	87,861,698	23,083,054	87,861,698	23,083,054
Reserves	14(a)	1,901,250	976,416	1,901,250	976,416
Retained earnings / (accumulated losses)	14(b)	(23,626,596)	(5,910,907)	(16,581,856)	(5,408,657)
TOTAL EQUITY		66,136,352	18,148,563	73,181,092	18,650,813

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

Statements of changes in equity

Consolidated Group	Notes	Issued Ordinary Capital \$	Option Reserve \$	Retained Earnings \$	Total \$
Balance at 1 July 2008		8,689,156	469,571	(764,953)	8,393,774
Total comprehensive income for the period		-	-	(5,145,954)	(5,145,954)
Shares issued during the period		14,617,932	-	-	14,617,932
Transaction costs associated with share issue		(224,033)	-	-	(224,033)
Employee share options issued during the period		-	506,845	-	506,845
Balance at 30 June 2009		23,083,054	976,416	(5,910,907)	18,148,563
Total comprehensive income for the period		-	-	(17,715,689)	(17,715,689)
Shares issued during the period		67,767,084	-	-	67,767,084
Transaction costs associated with share issue		(2,988,440)	-	-	(2,988,440)
Employee share options issued during the period		-	924,834	-	924,834
Balance at 30 June 2010		87,861,698	1,901,250	(23,626,596)	66,136,352

Parent Entity	Notes	Issued Ordinary Capital \$	Option Reserve \$	Retained Earnings \$	Total \$
Balance at 1 July 2008		8,689,156	469,571	(764,953)	8,393,774
Total comprehensive income for the period		-	-	(4,643,705)	(4,643,705)
Shares issued during the period		14,617,932	-	-	14,617,932
Transaction costs associated with share issue		(224,033)	-	-	(224,033)
Employee share options issued during the period		-	506,845	-	506,845
Balance at 30 June 2009		23,083,054	976,416	(5,408,657)	18,650,813
Total comprehensive income for the period		-	-	(11,173,200)	(11,173,200)
Shares issued during the period		67,767,084	-	-	67,767,084
Transaction costs associated with share issue		(2,988,440)	-	-	(2,988,440)
Employee share options issued during the period		-	924,834	-	924,834
Balance at 30 June 2010		87,861,698	1,901,250	(16,581,856)	73,181,092

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

Cash flow statements

YEAR ENDED 30 JUNE 2010	Notes	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		2,754,787	-	-	-
Payments to suppliers and employees		(16,508,465)	(2,071,657)	(8,428,956)	(2,055,497)
Payments for exploration expenditure		(3,995,538)	(1,655,611)	(3,443,193)	(1,216,246)
Interest received		1,931,432	401,660	1,931,432	401,660
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	24	(15,817,784)	(3,325,608)	(9,940,717)	(2,870,083)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment of security deposit		(383,682)	(38,400)	(383,682)	(38,400)
Incorporation costs of subsidiaries		-	(2,670)	-	-
Payment for purchase of shares in subsidiaries		-	-	-	(44)
Loans to subsidiary		-	-	(12,642,774)	(2,377,902)
Payments for property, plant and equipment		(10,238,768)	(2,165,652)	(3,910,452)	(245,901)
Expenditure on mining improvements		(437,392)	-	-	-
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(11,059,842)	(2,206,722)	(16,936,908)	(2,662,247)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issues of ordinary shares		67,767,084	14,617,932	67,767,084	14,617,932
Payment of share issue costs		(2,988,441)	(224,034)	(2,988,441)	(224,034)
Repayment of borrowings		-	-	-	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		64,778,643	14,393,898	64,778,643	14,393,898
NET INCREASE IN CASH AND CASH EQUIVALENTS		37,901,018	8,861,568	37,901,018	8,861,568
Cash and cash equivalents at the beginning of the financial year		16,502,907	7,641,339	16,502,907	7,641,339
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	6	54,403,925	16,502,907	54,403,925	16,502,907

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'), and the separate financial statements and notes of Bauxite Resources Limited as an individual parent entity ('Parent Entity').

(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*.

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 and investment property.

(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 2010 and the results of all subsidiaries for the year then ended. Bauxite Resources Limited and its subsidiaries 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.

(c) 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.

Notes to the Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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.

(e) 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.

(f) 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 20). 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.

(g) 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.

Notes to the Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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.

(i) 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.

(j) 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 derecognition

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.

Notes to the Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(k) 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 of plant and equipment is calculated using the reducing balance method to allocate their cost, net of their residual values, over their estimated useful lives. The rates vary between 20% and 40% per annum.

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(g)).

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.

(l) Tenement acquisition and exploration costs

During the year the company changed policy. Prior to this year tenement acquisition and exploration costs incurred were accumulated in respect of each identifiable area of interest. These costs are now written off as incurred.

(m) Trade and other payables

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

Notes to the Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) 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 26.

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 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.

(o) 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.

(p) 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.

(q) 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.

Notes to the Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) New accounting standards and interpretations

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Bauxite Resources Limited Limited.

AASB 8: Operating Segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Group's financial statements.

Measurement impact

Identification and measurement of segments — AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes to the presentation of segment results, with inter-segment sales and expenses such as depreciation and impairment now being reported for each segment rather than in aggregate for total group operations, as this is how they are reviewed by the chief operating decision maker.

Impairment testing of the segment's goodwill

AASB 136: Impairment of Assets, para 80 requires that goodwill acquired in a business combination shall be allocated to each of the acquirer's CGUs, or group of CGUs that are expected to benefit from the synergies of the combination. Each cash generating unit (CGU) which the goodwill is allocated to must represent the lowest level within the entity at which goodwill is monitored, however it cannot be larger than an operating segment. Therefore, due to the changes in the identification of segments, there is a risk that goodwill previously allocated to a CGU which was part of a larger segment could now be allocated across multiple segments if a segment had to be split as a result of changes to AASB 8.

Management have considered the requirements of AASB 136 and determined the implementation of AASB 8 has not impacted the CGUs of each operating segment.

Disclosure impact

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure impact

Terminology changes — the revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — the revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income — the revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

Notes to the Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group's financial statements now contain a statement of comprehensive income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

(s) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

The 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; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
 - a. the objective of the entity's business model for managing the financial assets; and
 - b. the characteristics of the contractual cash flows.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

- AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

- AASB 2009–8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

- AASB 2009–9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.

Notes to the Financial Statements (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- AASB 2009–10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

- AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

- AASB 2009–14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

(t) 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 option pricing model, using the assumptions detailed in note 26.

Notes to the Financial Statements continued

2. FINANCIAL RISK MANAGEMENT

The Group's activities 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 executive 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 neither the Group nor the parent entity are exposed to foreign exchange risk.

(ii) Price risk

Given the current level of operations, neither the Group nor the parent entity are 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 \$54,403,925 (2009: \$16,502,907) 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 5.2% (2009: 5.6%).

Sensitivity analysis

At 30 June 2010, 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 \$283,622 lower/higher (2009: \$62,802 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the balance sheet and notes to the financial statements. The only significant concentration of credit risk for the Group and the parent entity is the cash and cash equivalents held with financial institutions. All material deposits are held with the major Australian banks for which the Board evaluate credit risk to be minimal.

As the Group does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(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.

Notes to the Financial Statements continued

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
3. REVENUE				
From continuing operations				
Sales revenue	2,754,787	-	-	-
Interest	2,169,116	442,619	2,169,116	442,619
Other revenue	146,134	-	184,676	-
	5,070,037	442,619	2,353,792	442,619
4. PROFIT FOR THE YEAR				
a. Expenses				
Cost of sales	8,032,047	-	-	-
Impairment of mining property improvements	437,392	-	-	-
Rental expense on operating leases				
— minimum lease payments	418,004	168,378	418,004	168,378
Exploration expenditure	4,267,342	2,267,903	3,732,635	1,779,551
5. INCOME TAX				
(a) The components of income tax expense comprise:				
Current income tax	-	-	-	-
Deferred tax	-	-	-	-
Adjustments for current tax of prior years	-	(1,590)	-	(1,590)
	-	(1,590)	-	(1,590)
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Loss from continuing operations before income tax expense	(17,715,686)	(5,147,544)	(11,173,200)	(4,645,295)
Prima facie tax benefit at the Australian tax rate of 30% (2009: 30%)	(5,314,706)	(1,544,263)	(3,351,960)	(1,393,589)
Add tax effect of:				
Non allowable items	22,681	3,278	22,557	3,278
Share-based payments	276,775	152,054	276,775	152,054
Group losses assumed by Parent not recognised	-	-	1,859,722	136,042
Deferred tax balances not recognised	-	166,066	151,434	151,434
Current year losses not recognised	5,521,091	1,275,317	1,139,275	1,139,275
	505,841	52,452	188,494	188,494
Less:				
Tax effect of:				
Other allowable items	421,731	52,452	393,192	52,452
Deferred tax balances not recognised	26,386	-	157,826	-
Group losses assumed by parent from subsidiaries	-	-	1,859,722	136,042
Adjustment for current tax in prior years	-	1,590	-	1,590
Non-assessable items	57,724	-	57,724	-
Income tax expense/(benefit) reported in the statement of comprehensive income	-	(1,590)	-	(1,590)

Notes to the Financial Statements continued

5. INCOME TAX (continued)

30 JUNE 2010	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
(c) Deferred tax recognised at 30 June relates to the following:				
Deferred tax liabilities:				
Accrued interest	83,593	12,288	83,593	12,288
Other	2,279	160	2,279	-
Deferred tax assets:				
Carry forward revenue losses	85,872	12,448	85,872	12,288
Net deferred tax	-	-	-	-

(d) The following deferred tax balances have not been recognised:

At 30%:

Carry forward losses	6,688,230	1,417,704	6,688,230	1,417,864
Capital raising costs	903,670	184,126	903,257	184,126
Property, plant and equipment	-	5,159	-	5,159
Provisions and accruals	48,097	17,091	48,097	17,091
Exploration and development	158,893	27,675	27,675	27,675
Prepayments	-	6,271	-	6,271
	7,798,890	1,658,026	7,667,259	1,658,186

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

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

The above Deferred Tax Liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the Deferred Tax Asset has not been recognised.

Tax consolidation

(i) Members of the tax consolidated group and the tax sharing arrangement

Bauxite Resources Limited and its 100 percent 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. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax asset resulting from unused tax losses and tax credits which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity.

(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 taxes to allocate to members of the tax consolidated group. The group has not entered into any tax sharing or funding agreements.

The comparative year disclosures have been updated to be consistent with the 2010 presentation. There has been no change to the income tax.

Notes to the Financial Statements continued

	Notes	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS					
Cash at bank and in hand		13,615,677	491,840	13,615,677	491,840
Short-term deposits		40,788,248	16,011,067	40,788,248	16,011,067
Cash and cash equivalents as shown in the balance sheet and the statement of cash flows		54,403,925	16,502,907	54,403,925	16,502,907
Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.					
Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.					
7. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES					
Sundry receivables		421,613	164,638	434,431	159,964
Accrued interest		278,642	40,959	278,642	40,959
Prepayments		28,636	58,305	28,636	58,305
		728,891	263,902	741,709	259,228
8. NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS					
Shares in subsidiaries – at cost	22	-	-	45	45
Loans to subsidiaries	21	-	-	15,069,958	2,426,889
Security deposits		494,192	110,510	494,192	110,510
		494,192	110,510	15,564,195	2,537,444
9. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT					
Plant and equipment					
Cost		7,243,980	21,552	1,970,863	21,552
Accumulated depreciation		(324,305)	(10,117)	(125,151)	(10,117)
Net book amount		6,919,675	11,435	1,845,712	11,435
Plant and equipment					
Opening net book amount		11,435	17,906	11,435	17,906
Additions		7,222,427	1,115	1,948,775	1,115
Depreciation charge		(314,187)	(7,586)	(114,498)	(7,586)
Closing net book amount		6,919,675	11,435	1,845,712	11,435
Motor Vehicles					
Cost		901,115	103,794	901,115	103,794
Accumulated depreciation		(147,895)	(27,777)	(147,895)	(27,777)
Net book amount		753,220	76,017	753,220	76,017
Motor vehicles					
Opening net book amount		76,017	40,639	76,017	40,639
Additions		797,321	59,918	797,321	59,918
Depreciation charge		(120,118)	(24,540)	(120,118)	(24,540)
Closing net book amount		753,220	76,017	753,220	76,017

Notes to the Financial Statements continued

	Notes	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
9. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)					
Property and buildings					
Cost		2,975,234	1,919,740	-	-
Accumulated depreciation		(12,411)	(2,411)	-	-
Net book amount		2,962,823	1,917,329	-	-
Property and buildings					
Opening net book amount		1,917,329	-	-	-
Additions		1,055,494	1,919,740	-	-
Depreciation charge		(10,000)	(2,411)	-	-
Closing net book amount		2,962,823	1,917,329	-	-
Software					
Cost		133,846	12,561	133,846	12,561
Accumulated depreciation		(31,451)	(1,641)	(31,451)	(1,641)
Net book amount		102,395	10,920	102,395	10,920
Software					
Opening net book amount		10,920	-	10,920	-
Additions		121,285	12,561	121,285	12,561
Depreciation charge		(29,810)	(1,641)	(29,810)	(1,641)
Closing net book amount		102,395	10,920	102,395	10,920
Exploration equipment					
Cost		193,405	96,980	193,405	96,980
Accumulated depreciation		(52,269)	(334)	(52,269)	(334)
Net book amount		141,136	96,646	141,136	96,646
Exploration equipment					
Opening net book amount		96,646	-	96,646	-
Additions		96,425	96,980	96,425	96,980
Depreciation charge		(51,935)	(334)	(51,935)	(334)
Closing net book amount		141,136	96,646	141,136	96,646
Furniture and Fittings					
Cost		114,397	83,348	114,397	83,348
Accumulated depreciation		(7,173)	(17,462)	(7,173)	(17,462)
Net book amount		107,224	65,886	107,224	65,886
Furniture and fittings					
Opening net book amount		65,886	41,854	65,886	41,854
Additions		123,877	39,129	123,877	39,129
Depreciation charge		(27,835)	(15,097)	(27,835)	(15,097)
Disposals		(54,704)	-	(54,704)	-
Closing net book amount		107,224	65,886	107,224	65,886
Computer equipment					
Cost		265,018	83,534	265,018	83,534
Accumulated depreciation		(72,821)	(27,980)	(72,821)	(27,980)
Net book amount		192,197	55,554	192,197	55,554
Computer equipment					
Opening net book amount		55,554	41,118	55,554	41,118
Additions		181,485	36,200	181,485	36,200
Depreciation charge		(44,842)	(21,764)	(44,842)	(21,764)
Closing net book amount		192,197	55,554	192,197	55,554

Notes to the Financial Statements continued

	Notes	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
9. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)					
Leasehold Improvements					
Cost		779,251	-	779,251	-
Accumulated depreciation		(22,734)	-	(22,734)	-
Net book amount		756,517	-	756,517	-
Leasehold Improvements					
Opening net book amount		-	-	-	-
Additions		779,251	-	779,251	-
Depreciation charge		(22,734)	-	(22,734)	-
Closing net book amount		756,517	-	756,517	-
Total Assets					
Cost		12,606,246	2,321,509	4,357,896	401,769
Accumulated depreciation		(671,059)	(87,722)	(459,495)	(85,311)
Net book amount		11,935,188	2,233,787	3,898,401	316,457
Total Assets					
Opening net book amount		2,233,787	141,517	316,458	141,517
Additions		10,377,565	2,165,643	4,048,419	245,903
Depreciation charge		(621,461)	(73,373)	(411,772)	(70,962)
Disposals		(54,704)	-	(54,704)	-
Closing net book amount		11,935,188	2,233,787	3,898,401	316,457
10. NON-CURRENT ASSETS – TENEMENT ACQUISITION AND EXPLORATION					
Tenement acquisition and exploration costs carried forward in respect of mining areas of interest					
Opening net book amount		-	612,292	-	563,305
Tenement acquisition and exploration costs		-	1,655,611	-	1,216,246
Tenement costs written off		-	(2,267,903)	-	(1,779,551)
Closing net book amount		-	-	-	-
The ultimate recoupment of costs carried forward for tenement acquisition and exploration is dependent on the successful development and commercial exploitation or sale of the respective mining areas. The directors have adopted a change of policy from the prior year and have resolved to write off all tenement acquisition and exploration costs.					
11. NON-CURRENT ASSETS – INTANGIBLE ASSETS					
Formation expenses					
Cost		4,147	4,147	1,467	1,467
Accumulated amortisation		(1,416)	(586)	(880)	(586)
Net book amount		2,731	3,561	587	881
Formation expenses					
Opening net book amount		3,561	1,174	881	1,174
Additions		-	2,680	-	-
Amortisation charge		(830)	(293)	(294)	(293)
Closing net book amount		2,731	3,561	587	881

Notes to the Financial Statements continued

	Notes	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
12. CURRENT LIABILITIES					
a) Trade and other payables					
Trade payables		941,558	728,412	940,708	728,412
Other payables and accruals		341,695	189,511	341,695	189,511
		1,283,253	917,923	1,282,403	917,923
b) Provisions					
Annual leave		145,322	48,181	145,322	48,181

13. CONTRIBUTED EQUITY**(a) Share capital**

	Notes	2010		2009	
		Number of securities	\$	Number of securities	\$
Ordinary shares fully paid	13(b), 13(d)		87,323,125		22,544,482
Options	13(e)		538,573		538,573
Total contributed equity			87,861,698		23,083,055

(b) Movements in ordinary share capital

Beginning of the financial year		151,438,228	22,544,482	108,026,070	8,150,583
Issued during the year:					
– Initial Public Offering at 20 cents		-	-	-	-
– Issued via share placement		60,000,000	57,000,000	-	-
– Issued via private placement		19,700,000	9,850,000	19,700,000	9,850,000
– Issued on exercise of options at 20 cents		1,250,000	250,000	-	-
– Issued on exercise of options at 25 cents		225,000	56,250	-	-
– Issued on exercise of options at 30 cents		750,000	225,000	255,000	76,500
– Issued on exercise of options at 35 cents		816,668	285,834	-	-
– Issued on exercise of options at 50 cents		200,000	100,000	-	-
– Issued on exercise of options (20 cents, 31 Jan 2009)		-	-	23,457,158	4,691,432
Less: Transaction costs			(2,988,441)		(224,033)
End of the financial year		234,379,896	87,323,125	151,438,228	22,544,482

Notes to the Financial Statements continued

13. CONTRIBUTED EQUITY (continued)

(c) Movements in options on issue

	Number of options	
	2010	2009
Beginning of the financial year	21,795,000	68,530,180
Issued during the year:		
– Exercisable at 35 cents, on or before 30 November 2013	-	666,668
– Exercisable at 45 cents, on or before 30 November 2013	-	666,666
– Exercisable at 55 cents, on or before 30 November 2013	-	666,666
– Exercisable at 90 cents, on or before 30 November 2013	2,000,000	-
– Exercisable at 110 cents, on or before 30 November 2013	2,000,000	-
– Exercisable at 25 cents, on or before 30 June 2012	-	525,000
– Exercisable at 35 cents, on or before 30 June 2012	-	800,000
– Exercisable at 30 cents, on or before 30 June 2012	-	3,775,000
– Exercisable at 40 cents, on or before 30 June 2012	300,000	-
– Exercisable at 50 cents, on or before 30 June 2012	700,000	-
– Exercisable at 70 cents, on or before 30 June 2012	500,000	-
– Exercisable at 100 cents, on or before 30 June 2012	3,750,000	-
Exercised, cancelled or expired during the year:		
– Exercisable at 35 cents, on or before 30 November 2013	(666,668)	-
– Exercisable at 90 cents, on or before 30 June 2013	(2,000,000)	-
– Exercisable at 110 cents, on or before 30 June 2013	(2,000,000)	-
– Exercisable at 25 cents, on or before 30 June 2012	(225,000)	-
– Exercisable at 30 cents, on or before 30 June 2012	(750,000)	(305,000)
– Exercisable at 35 cents, on or before 30 June 2012	(150,000)	-
– Exercisable at 40 cents, on or before 30 June 2012	(300,000)	-
– Exercisable at 50 cents, on or before 30 June 2012	(470,000)	-
– Exercisable at 70 cents, on or before 30 June 2012	(500,000)	-
– Exercisable at 100 cents, on or before 30 June 2012	(1,550,000)	-
– Exercisable at 20 cents, on or before 31 May 2012	(1,250,000)	-
– Exercisable at 50 cents, on or before 31 May 2012	-	(100,000)
– Exercisable at 20 cents, on or before 31 January 2009	-	(53,430,180)
End of the financial year	21,183,332	21,795,000

(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.

Notes to the Financial Statements continued

13. CONTRIBUTED EQUITY (continued)

(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 and the parent entity at 30 June 2009 and 30 June 2008 are as follows:

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Cash and cash equivalents	54,403,925	16,502,907	54,403,925	16,502,907
Trade and other receivables	728,891	263,902	741,709	259,228
Trade and other payables	(1,283,253)	(917,923)	(1,282,403)	(917,923)
Working capital position	53,849,563	15,848,886	53,863,231	15,844,212

14. RESERVES AND ACCUMULATED LOSSES

(a) Reserves

Share-based payments reserve

Balance at beginning of year	976,416	469,571	976,416	469,571
Employees and contractors share options	924,834	506,845	924,834	506,845
Balance at end of year	1,901,250	976,416	1,901,250	976,416

(b) Retained earnings / (accumulated losses)

Balance at beginning of year	(5,910,907)	(764,953)	(5,408,658)	(764,953)
Net profit/(loss) for the year	(17,715,689)	(5,145,954)	(11,173,200)	(4,643,705)
Balance at end of year	(23,626,596)	(5,910,907)	(16,581,856)	(5,408,658)

(c) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued.

15. DIVIDENDS

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

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

Short-term benefits	2,179,787	744,304	2,179,787	744,304
Post employment benefits	88,337	49,450	88,337	49,450
Other long-term benefits	-	-	-	-
Termination benefits	250,000	-	250,000	-
Share-based payments	185,890	316,386	185,890	316,386
	2,704,014	1,110,140	2,704,014	1,110,140

Notes to the Financial Statements continued

16. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

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-C of the remuneration report on pages 5 to 8.

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the remuneration report on page 8.

(ii) 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:

2010	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Bauxite Resources Limited							
Luke Atkins	3,000,000	-	-	-	3,000,000	3,000,000	-
Barry Carbon	-	-	-	-	-	-	-
Yan Jitai	-	-	-	-	-	-	-
Neil Lithgow	3,000,000	-	-	-	3,000,000	3,000,000	-
Robert Nash	1,000,000	-	(250,000)	-	750,000	750,000	-
David McSweeney	6,000,000	-	-	-	6,000,000	6,000,000	-
Daniel Tenardi	2,000,000	4,000,000	(666,668)	(4,000,000)	1,333,332	-	1,333,332
Meng Xiangsan	-	-	-	-	-	-	-
Other key management personnel of the Company							
Paul Fromson	300,000	700,000	(300,000)	(270,000)	430,000	100,000	330,000
2009							
	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Bauxite Resources Limited							
Luke Atkins	7,195,323	-	-	(4,195,323)	3,000,000	3,000,000	-
Barry Carbon	-	-	-	-	-	-	-
Yan Jitai	-	-	-	-	-	-	-
Neil Lithgow	11,820,322	-	(1,075,000)	(7,745,322)	3,000,000	3,000,000	-
Robert Nash	1,102,450	-	(20,000)	(82,450)	1,000,000	1,000,000	-
David McSweeney	6,313,750	-	-	(313,750)	6,000,000	2,000,000	4,000,000
Daniel Tenardi	-	2,000,000	-	-	2,000,000	-	2,000,000
Meng Xiangsan	-	-	-	-	-	-	-
Other key management personnel of the Company							
Paul Fromson	-	300,000	-	-	300,000	100,000	200,000

All vested options are exercisable at the end of the year.

Notes to the Financial Statements continued

16. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(iii) Share holdings

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.

2010

	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
Ordinary shares				
Directors of Bauxite Resources Limited				
Luke Atkins	17,041,667	-	-	17,041,667
Barry Carbon	-	-	-	-
Yan Jitai	-	-	-	-
Neil Lithgow	19,366,666	-	-	19,366,666
Robert Nash	224,900	250,000	(220,000)	254,900
David McSweeney	627,500	-	(100,000)	527,500
Daniel Tenardi	1,000,000	666,668	(1,666,668)	-
Meng Xiangsan	-	-	-	-
Other key management personnel of the Company				
Paul Fromson	-	300,000	(82,000)	218,000

2009

	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
Ordinary shares				
Directors of Bauxite Resources Limited				
Luke Atkins	17,041,667	-	-	17,041,667
Barry Carbon	-	-	-	-
Yan Jitai	-	-	-	-
Neil Lithgow	18,291,666	1,075,000	-	19,366,666
Robert Nash	204,900	20,000	-	224,900
David McSweeney	627,500	-	-	627,500
Daniel Tenardi	-	1,000,000	-	1,000,000
Meng Xiangsan	-	-	-	-
Other key management personnel of the Company				
Paul Fromson	-	-	-	-

(c) Loans to key management personnel

There were no loans to key management personnel during the year.

(d) Other transactions with key management personnel

Robert Nash provided legal services to Bauxite Resources Limited during the year to the value of \$165,000 (2009: \$Nil). Barry Carbon provided environmental compliance and consultancy services to Bauxite Resources Limited in his capacity as a non-executive chairman during the year to a value of \$136,539 (2009: \$Nil). These amounts paid were on arms length commercial terms and are included as part of the respective compensation.

Notes to the Financial Statements continued

17. 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*

The Company exported trial shipments to Chinese customers being three shipments of bauxite totalling approximately 128,000 tonnes. Further shipments have been deferred pending the receipt of environmental and other approvals, and the recovery of the bauxite price following the global financial crisis.

ii. *Exploration*

The Company has continued to advance its business case if defining an economic bauxite resource necessary to support a direct shipping ore (DSO) operation by concentrating on areas previously explored ground with substantial volumes of historical data. The Company 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 year, the Company entered into a Heads of Agreement with a Chinese company for an alumina refinery joint venture. As part of the joint venture, studies are underway for a Bankable Feasibility for an alumina refinery.

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.

Notes to the Financial Statements continued

17. OPERATING SEGMENTS (continued)

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
- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Other financial liabilities
- Intangible assets
- Discontinuing operations
- Retirement benefit obligations

f. Comparative information

This is the first reporting period in which AASB 8 has been adopted. Comparative information has been restated to conform to the requirements of this standard.

Notes to the Financial Statements continued

17. OPERATING SEGMENTS (continued)

i. Segment performance

	Exploration	Operations	BFS & other studies	Administration & other	Total
	\$	\$	\$	\$	\$
30 June 2010					
REVENUE					
External sales	-	2,754,787	-	-	2,754,787
Inter-segment sales	-	-	-	-	-
Interest revenue	-	-	-	2,169,116	2,169,116
Other revenue	-	-	-	146,134	146,134
Total segment revenue	-	2,754,787	-	2,315,250	5,070,037
Segment net profit before tax	(4,267,342)	(5,714,652)	(2,543,636)	(4,568,608)	(17,094,228)
<i>Reconciliation of segment result to group net profit/loss before tax</i>					
i. Amounts not included in segment result but reviewed by Board					
— Depreciation and amortisation					(621,461)
Net profit before tax from continuing operations					(17,715,689)
30 June 2009					
REVENUE					
External sales	-	-	-	-	-
Inter-segment sales	-	-	-	-	-
Other revenue	-	-	-	-	-
Interest revenue	-	-	-	442,619	442,619
Total segment revenue	-	-	-	442,619	442,619
Segment net profit before tax	(2,267,903)	-	-	(2,804,386)	(5,072,289)
<i>Reconciliation of segment result to group net profit/loss before tax</i>					
i. Amounts not included in segment result but reviewed by Board					
— Depreciation and amortisation					(73,665)
Net profit before tax from continuing operations					(5,145,954)

Notes to the Financial Statements continued

17. OPERATING SEGMENTS (continued)

ii. Segment assets

	Exploration	Operations	BFS & other studies	Administration & Other	Total
	\$	\$	\$	\$	\$
30 June 2010					
Segment assets					
Segment assets	141,136	5,073,963	1,818,554	60,521,274	67,564,927
Total group assets					67,564,927

30 June 2009

Segment assets

Segment asset increases for the period	96,646	-	-	19,018,021	19,114,667
Total group assets					19,114,667

iii. Segment liabilities

30 June 2010

Segment liabilities

Segment Liabilities	581,930	208,073	-	638,572	1,428,575
Total group liabilities					1,428,575

30 June 2009

Segment liabilities

Segment Liabilities	184,760	-	-	781,344	966,104
Total group liabilities					966,104

18. REMUNERATION OF AUDITORS

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) Audit services

Moore Stephens - audit and review of financial reports	29,695	11,591	29,695	11,591
Total remuneration for audit services	29,695	11,591	29,695	11,591

(b) Non-audit services

Moore Stephens – Due Diligence	13,645	-	13,645	-
Moore Stephens – Taxation services	24,826	2,158	24,826	2,158
Total remuneration for other services	38,471	2,158	38,471	2,158

Notes to the Financial Statements continued

19. CONTINGENCIES

On 25 June 2010, Bauxite Resources Ltd was notified that a litigation funder proposed to fund claims that current or former shareholders may have against the Company, in relation to the Company's October 2009 share placement. Since then, the litigation funder has not communicated further with the Company, and no legal proceedings have been commenced.

The Company has reviewed an outline of the funder's allegations which are said to support the potential claim. The allegations are incorrect and misconceived in several respects and the Company does not consider that they provide a proper foundation for a sustainable shareholder claim against the company. The Company has outlined its response to the threatened action both on its website and in ASX releases.

The funder has said that it will fund litigation only if the estimated losses by shareholders who sign up with it are sufficient to make the proceedings commercially viable for the funder. Current and former shareholders may be contacted by the funder to seek to persuade them to sign up to a funding agreement. Shareholders may also expect to see further media reports repeating the allegations as the funder seeks to generate publicity for its cause.

The Company will keep shareholders informed of any developments, including the commencement of any proceedings or any announcement that the litigation funder no longer proposes to involve itself in any action.

Consolidated Group		Parent Entity	
2010	2009	2010	2009
\$	\$	\$	\$

20. COMMITMENTS

(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	694,500	242,760	499,500	242,760
later than one year but not later than five years	2,084,415	650,020	1,343,210	650,020
	2,778,915	892,780	1,842,710	892,780

(b) Commercial property lease commitments

within one year	681,927	138,477	681,927	138,477
later than one year but not later than five years	2,753,907	127,095	2,753,907	127,095
Later than five years	432,905	-	432,905	-
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	3,868,739	265,572	3,868,739	265,572

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.

A separate property lease was cancelled and settled in August 2010. The amounts payable to that date have been included in the commitments above.

(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 7 that are not recognised as liabilities and are not included in the key management personnel compensation.

within one year	275,205	88,452	275,205	88,452
later than one year but not later than five years	195,000	-	195,000	-
	470,205	88,452	470,205	88,452

Notes to the Financial Statements continued

21. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Bauxite Resources Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 22.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 16.

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
(d) Loans to related parties				
<i>Loans to subsidiaries</i>				
Beginning of the year	-	-	2,426,889	48,987
Loans advanced	-	-	12,643,069	2,377,902
Loan repayments received	-	-	-	-
Provision for impairment	-	-	-	-
End of year	-	-	15,069,958	2,426,889

Bauxite Resources Limited has provided unsecured, interest free loans to its wholly owned subsidiaries. An impairment assessment is undertaken each financial year by examining the financial position of each subsidiary and the market in which the subsidiary operates to determine whether there is objective evidence that the subsidiary is impaired. When such objective evidence exists, the Company recognises an allowance for the impairment loss.

22. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name	Country of Incorporation	Date of Incorporation	Class of Shares	Equity Holding ⁽¹⁾	
				2010 %	2009 %
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

(1) The proportion of ownership interest is equal to the proportion of voting power held.

Notes to the Financial Statements continued

23. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Bauxite Resources Ltd signed, on the 24th September 2010, a further Heads of Agreement with its long term Chinese partner, Yankuang Corporation ("Yankuang"), to complete a bankable feasibility study for the design and construction of a modern refinery in the southwest of Western Australia to refine Darling Range bauxite into alumina. The further Heads of Agreement requires shareholder and regulatory approval.

The refinery approximate design capacity will be 1.1 million tonnes per annum (mtpa) of alumina which will require approximately 3.5mtpa of bauxite. The Company and Yankuang propose that construction will be commenced within 5 years subject to a bankable feasibility study, site selection, environmental and regulatory approvals.

Under the terms of the binding heads of agreement, Yankuang has agreed to fund 91% of the refinery's construction costs in return for receipt of 70% of the alumina product, with Bauxite Resources Ltd owning / receiving rights to the remaining 30% of alumina.

Bauxite Resources Ltd will pay for the remaining 9% of construction costs and will receive assistance from Yankuang to arrange financing. Yankuang will also off-take half of Bauxite Resources Limited's share of alumina production upon terms to be agreed.

Under the agreement, Yankuang becomes eligible for 70% of Bauxite Resources Limited's Darling Range bauxite rights (except for 1000km² of the Company's Tenements, contained in a separate agreement with the Shandong No.1 Institute of Geology and Minerals Exploration). Any direct use of bauxite for non-refining purposes that is commenced within 3 years will have an allocation split of 51% to Bauxite Resources Ltd and 49% to Yankuang.

In addition, Yankuang has agreed to refund to the Company 70% of previous tenement / exploration costs. Yankuang will also contribute 70% to the cost of future tenement / exploration costs. Should refinery construction not commence within 5 years, the Company will have the option to acquire back 21% of the bauxite rights at that time to restore the Company's 51% and Yankuang's 49% ownership. This option will be at cost plus 15% incurred by Yankuang in respect of that 21% interest.

A bankable feasibility study will also be carried out alongside the strategy to design and build the alumina refinery. It is now proposed that leading design agencies and consultancies based in China and Australia will be utilised for the bankable feasibility study. This bankable feasibility study will require all the necessary approval processes with Yankuang contributing 90% to the cost and the Company contributing 10%.

There has not been any other event that has arisen since 30 June 2010 which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

Consolidated Group		Parent Entity	
2010	2009	2010	2009
\$	\$	\$	\$

24. CASH FLOW STATEMENT

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

Net profit/(loss) for the year	(17,715,689)	(5,145,954)	(11,173,200)	(4,643,705)
Non-Cash Items				
Depreciation and amortisation	621,461	73,665	411,772	71,254
Share-based payments expense	924,834	506,845	924,834	506,845
Mining improvements written off	437,392	-	-	-
Net (gain)/loss on disposal of property, plant and equipment	54,704	-	54,704	-

Notes to the Financial Statements continued

Capitalised exploration expenditure written off	-	612,292	-	563,305
Change in operating assets and liabilities, net of effects from purchase of controlled entities				
(Increase) in trade and other receivables	(212,940)	(219,226)	(212,940)	(214,552)
Increase in trade and other payables	72,455	846,770	54,112	846,770
Net cash inflow/(outflow) from operating activities	<u>(15,817,784)</u>	<u>(3,325,608)</u>	<u>(9,940,717)</u>	<u>(2,870,083)</u>

25. EARNINGS PER SHARE

	Consolidated Group	
	2010	2009
	\$	\$
(a) Reconciliation of earnings used in calculating earnings per share		
Profit or loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	<u>(17,715,689)</u>	<u>(5,145,954)</u>
	Number of shares	Number of shares
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	<u>201,788,507</u>	<u>117,440,681</u>

(c) Information on the classification of options

As the Company has made a loss for the year ended 30 June 2010, all options on issue are considered antidilutive 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.

26. 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. All options issued under the scheme have an exercise price of between 25 and 100 cents and an expiry date no later than of 30 June 2012.

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			
	2010		2009	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	12,795,000	34.8	6,100,000	35.2
Granted	9,250,000	92.6	7,100,000	34.4
Forfeited/cancelled/expired	(6,620,000)	93.8	(150,000)	45.3
Exercised	(1,991,668)	33.5	(255,000)	30.0
Outstanding at year-end	<u>13,433,332</u>	46.2	<u>12,795,000</u>	34.8
Exercisable at year-end	<u>11,248,332</u>	44.3	<u>5,890,000</u>	33.1

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 2.09 years (2009: 3.20 years), with exercise prices ranging from 25 to 100 cents.

Notes to the Financial Statements continued

26. SHARE-BASED PAYMENTS (continued)

The weighted average fair value of the options granted during the year was 36.7 cents (2009: 18.3 cents). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2010	2009
Weighted average exercise price (cents)	92.65	34.4
Weighted average life of the option (years)	3.19	3.7
Weighted average underlying share price (cents)	84.31	24.7
Expected share price volatility	60.97%	35.0
Weighted average risk free interest rate	3.53%	3.49

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Options issued to directors, employees and contractors	924,834	506,845	924,834	506,845

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 2010 and of their performance for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (c) 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 2010; and
- (d) note 1 confirms that the financial statements also comply with the International Reporting Standards as issued by the International Accounting Standards Board.

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



Barry Carbon
Chairman

Perth, 29 September 2010

**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 (the company) and Bauxite Resources Limited and Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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. These Auditing 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*, as provided to the directors of Bauxite Resources Limited, would be in the same terms if provided to the directors as at the date of this auditor's report

Auditor's Opinion

In our opinion:

- a. the financial report of Bauxite Resources Limited and Bauxite Resources Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) 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

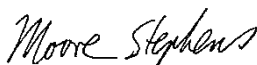
We have audited the Remuneration Report included in pages 7 to 12 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our 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 2010 complies with Section 300A of the *Corporations Act 2001*.



**NEIL PACE
PARTNER**



**MOORE STEPHENS
CHARTERED ACCOUNTANTS**

Signed at Perth this 29th day of September 2010.

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 28th September 2010.

(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	119	71,627
1,001	- 5,000	426	1,331,570
5,001	- 10,000	305	2,544,221
10,001	- 100,000	747	27,256,630
100,001	and over	202	203,175,848
		1,796	234,379,896
The number of equity security holders holding less than a marketable parcel (based on a \$0.19 price) of securities are:		297	399,417

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares Number of shares	Percentage of ordinary shares
1.	HD Mining & Inv Pty Ltd	19,700,000	8.41%
2.	Yankuang Resources Pty Ltd	19,700,000	8.41%
3.	National Nominees Ltd	19,059,566	8.13%
4.	Big Fish Nominees Pty Ltd (N Lithgow)	17,666,666	7.54%
5.	Tailrain Pty Ltd (L Atkins)	17,016,667	7.26%
6.	Dilkara Nominees Pty Ltd	14,516,667	6.19%
7.	HSBC Custody Nominees Australia Ltd	10,999,995	4.69%
8.	JP Morgan Nominees Australia Ltd	9,286,357	3.96%
9.	Citicorp Nominees Pty Limited	3,834,278	1.64%
10.	Caple RJ & Cameron FM	2,355,007	1.00%
11.	Sharbanee PG	2,255,000	0.96%
12.	JP Morgan Nominees Australia Ltd	1,931,866	0.82%
13.	Merrill Lynch Australia Nominees Pty Ltd	1,851,989	0.79%
14.	Spectral Investment Pty Ltd (N Lithgow)	1,662,500	0.71%
15.	Harbour Nominees Pty Ltd	1,500,000	0.64%
16.	Davidson Murray	1,500,000	0.64%
17.	ANZ Nominees Ltd	1,426,326	0.61%
18.	Wang Jingming	1,272,154	0.54%
19.	Yuen KH & Sze MC	1,151,900	0.49%
20.	Cahill John	1,113,382	0.48%
		149,800,320	63.91%

ASX Additional Information (continued)

(c) Substantial shareholders

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

	Number of Shares
HD Mining & Inv Pty Ltd	19,700,000
Yankuang Resources Pty Ltd	19,700,000
National Nominees Ltd	19,059,566
Big Fish Nominees Pty Ltd (N Lithgow)	17,666,666
Tailrain Pty Ltd (L Atkins)	17,016,667
Dilkara Nominees Pty Ltd	14,516,667

(d) Voting rights

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

(e) Unquoted Options

Class of Securities	% of class of Securities	Number of Securities Issued
20 cent Options expiring 31 May 2012		
Luke Atkins & Tailrain Pty Ltd	38.71%	3,000,000
Neil Lithgow & Bigfish Nominees Pty Ltd	38.71%	3,000,000
Other	22.58%	1,750,000
		7,750,000
25 cent Options expiring 15 May 2012		
David McSweeney	100%	2,000,000
40 cent Options expiring 15 May 2012		
David McSweeney	100%	4,000,000
<u>Employee share option plan</u>		
30 cent Options expiring 30 June 2012		2,370,000
35 cent Options expiring 30 June 2012		300,000
50 cent Options expiring 30 June 2012		230,000
\$1.00 Options expiring 30 June 2012		2,200,000
		5,100,000
		18,850,000

ASX Additional Information (continued)

(f) Schedule of interests in mining tenements

Location	Tenement	Percentage held / earning
North Darling Range		
BerryBrow	E70/3002	100%
Red Hill	E70/3003	100%
Gillingarra	E70/3007	100%
Bindoon	E70/3064	100%
Jimperding	E70/3159	100%
Toodyay	E70/3160	100%
Beechina	E70/3193	100%
Mt Gorrie	E70/3206	100%
Muchea	E70/3283	100%
Moora	E70/3319	100%
Victoria Plans	E70/3405	100%
West Toodyay	E70/3432	100%
Muchea West	E70/3433	100%
Kokendin	E70/3488	100%
Avon Valley	E70/3528	100%
Bald Hill	E70/3537	100%
Bejoording	E70/3564	100%
Boonaring Hill	E70/3597	100%
Coolingoort	E70/3598	100%
Goodenine Pool	E70/3599	100%
Thompson Road	E70/3629	100%
Gillingarry Hill	E70/3630	100%
Mt Talbot	E70/3651	100%
Kodara	E70/3688	100%
Springvale	E70/3706	100%
Trig Road	E70/3707	100%
Bakers Hill	E70/3731	100%
Wandina Hill	E70/3823	100%
Miling	E70/3824	100%
Gabatha Spring	E70/3825	100%
Silver Hills	E70/3826	100%
Bunjinbar Rocks	E70/3827	100%
York	E70/3828	100%
Goondandano Well	E70/3854	100%
Badji Brook	E70/3855	100%
Jimperding Hill	E70/3900	100%
South Darling Range		
Collie	E12/2	100%
Collie Rd	E70/3102	100%
Balingup	E70/3164	100%
Jarrahdale	E70/3194	100%
Harvey	E70/3195	100%
Dandalup	E70/3196	100%
Pt Solid	E70/3197	100%
Wugong	E70/3204	100%

ASX Additional Information (continued)

Location	Tenement	Percentage held / earning
South Darling Range (continued)		
Boyup Brook	E70/3471	100%
Mairdebring	E70/3472	100%
Bridgetown	E70/3473	100%
Palgarup	E70/3474	100%
Alco Fire Tower	E70/3532	100%
Grimwade	E70/3539	100%
Wilga West	E70/3540	100%
Dininup	E70/3565	100%
Pimelea	E70/3571	100%
Wahkinup	E70/3572	100%
Dondinup	E70/3573	100%
Gnowengerup	E70/3574	100%
Carlotta	E70/3575	100%
Darkan	E70/3576	100%
Keralarup	E70/3577	100%
Ginganup	E70/3578	100%
Moriartys Well	E70/3581	100%
Meranup	E70/3614	100%
Southampton	E70/3622	100%
Mokup Hill	E70/3624	100%
High Peak	E70/3625	100%
Wishart Road	E70/3626	100%
Yornup	E70/3627	100%
Division Rd	E70/3628	100%
Donnybrook	E70/3632	100%
Wilgarrup	E70/3642	100%
Warrungullup Pool	E70/3643	100%
Moodiarrup	E70/3644	100%
Wakalwararup	E70/3655	100%
Nugulup	E70/3656	100%
Blackwood	E70/3657	100%
Savage Creek	E70/3807	100%
Donnelly River	E70/3808	100%
Donnelly River	E70/3980	100%
Donnelly River 2	E70/3809	100%
Donnelly River 2	E70/3979	100%
Donnelly River 3	E70/3981	100%
Donnelly River 3	E70/3810	100%
Wagin	E70/3829	100%
Mt Latham	E70/3830	100%
Lake Clear	E70/3831	100%
Kojonup	E70/3832	100%
Wigwam Soak	E70/3833	100%
Yeriminup Hill	E70/3834	100%
Bakers Hill	E70/3835	100%
Peach Hill	E70/3836	100%
Walgarrup River	E70/3837	100%
Gregory Road	E70/3903	100%

ASX Additional Information (continued)

Location	Tenement	Percentage held / earning
East Darling Range		
Congelin	E70/3179	100%
Dattening	E70/3180	100%
Taurus	E70/3485	100%
Coodjatotine	E70/3486	100%
Hotham	E70/3487	100%
Neika	E70/3490	100%
Minigin	E70/3491	100%
Popanyinning	E70/3618	100%
Williams	E70/3623	100%
Beverley	E70/3633	100%
Brookton	E70/3634	100%
Quanaming Hill	E70/3652	100%
Dryandra	E70/3746	100%
Wandering	E70/3890	100%
Kimberley Project		
Gardner Plateau	E04/1853	100%
Doongan	E04/2011	100%
Pollard Hill	E80/4180	100%
King Edward	E80/4181	100%
Head Hill	E80/4223	100%
Granvill	E80/4258	100%
Doongan	E80/4259	100%
Northern Territory		
Raragala Island	E27303	100%
Drysdale Island	E27302	100%