

BAUXITE RESOURCES LIMITED

ABN 72 119 699 982

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2016

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the period ended 30 June 2016 and any public announcements made by Bauxite Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

Your Directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Bauxite Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

DIRECTORS AND OFFICERS

The names, qualifications and experience of the Company's Directors and Officers who held office at the end of the half-year are as follows:

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

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

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

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

Luke Atkins, LLB (Non-Executive Director)

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

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

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

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

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

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

Zhaozhong Wang, (Non-Executive Director)

Mr Wang is the representative from the Company's substantial shareholder, HD Mining & Investments Pty Ltd ("HD Mining"). Mr Wang is managing director of HD Mining which is a subsidiary of Shandong No1 Geo-mineral Exploration Institute at the Shandong Bureau of Geology in China and is based in Perth, Western Australia.

He is a qualified senior geologist who graduated from the Geological Science Institute of Shandong Jianzhu University in June 1991. He has been involved in geological exploration and survey and was previously in charge of the following Chinese projects: Pingdu Hill Gold, Dawenkou Mazhuang county Gypsum Project, Shandong Longkou Liangjia Coal Project and Laizhou Sanshan Island Gold Project.

He has accumulated geological experience in the Chinese mining industry including gold, copper, coal, iron, gypsum and bauxite.

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

CHIEF EXECUTIVE OFFICER & COMPANY SECRETARY

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

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

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

Directors' Report cont.

REVIEW OF OPERATIONS

BUSINESS DIRECTION AND BOARD STRATEGY

During the half-year ending 31 December 2016 the Company continued to pursue its bauxite exploration focus through the HD Mining Joint Venture. Bauxite Resources is the manager of the HD Mining Joint Venture, with HD Mining funding 100% of the bauxite exploration costs. Exploration activities were at minimal levels for the half-year with drilling scheduled early in 2017 on extensional areas of the Dionysus and Ceres projects. The current resource base is 86.3Mt inferred Mineral Resource and 1.5Mt Indicated Mineral resources (refer full detail in the 2016 Annual Report Resources Statement). HD Mining have an earn in right of up to 60% following a decision to mine.

The Company is also pursuing other exploration opportunities as seen with the recent pegging of the Lort River Lithium Project, where reconnaissance field work is planned in 2017 pending finalisation of a heritage agreement. Other investments are also being evaluated both within and outside the mining sector.

Since the sale of the Yankaung Joint Venture in 2016, which is reported in the restated prior year figures as a discontinuing operation, the company has substantially reduced operating costs and continues to review all costs on an ongoing basis.

Cash and deposits at 31 December 2016 was \$16.6m, and the company has no debt and additional assets including two rural properties in the Bindoon area of Western Australia

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

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 3 for the half-year ended 31 December 2016.

Signed in accordance with a resolution of the Directors.



Robert Nash
Chairman

Perth, 21 February 2017

Competent Persons Statement

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

Auditors' Independence Statement

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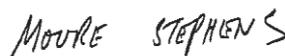
AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF BAUXITE RESOURCES LIMITED

As lead auditor for the review of Bauxite Resources Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- 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 21st day of February 2017

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Statement of Profit or Loss and Other Comprehensive Income

Half-Year Ended 31 December 2016

	Notes	Consolidated Group	
		31 December 2016 \$	31 December 2015 \$
Continuing operations			
Recoupment of exploration costs	2	89,348	158,899
Other income	2	49,466	59,174
Interest income	2	226,618	318,641
Employee benefits expense		(127,132)	(725,459)
Exploration expenses as incurred		(150,737)	(334,597)
Administration expenses		(305,510)	(753,246)
Depreciation and amortisation expense		(84,787)	(293,373)
Gain/(loss) on disposal of fixed assets		1,019	81,567
Share-based payments expense		-	(90,388)
Profit / (loss) before income tax		(301,715)	(1,578,782)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(301,715)	(1,578,782)
Loss after income tax expense from discontinued operations		-	(536,988)
Loss after income tax expense for the half-year		(301,715)	(2,115,770)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss) for the period		(301,715)	(2,115,770)
Loss for the half-year is attributable to:			
Continuing operations		(301,715)	(1,578,782)
Discontinuing operations		-	(536,988)
Owners of Bauxite Resources Limited		(301,715)	(2,115,770)
		(301,715)	(2,115,770)
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)		(0.14)	(0.91)
Diluted earnings per share (cents)		(0.14)	(0.90)
From continuing operations:			
Basic earnings per share (cents)		(0.14)	(0.68)
Diluted earnings per share (cents)		(0.14)	(0.67)
From discontinued operations:			
Basic earnings per share (cents)		-	(0.23)
Diluted earnings per share (cents)		-	(0.23)

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

Statement of Financial Position

As at 31 December 2016

	Notes		Consolidated Group	
			31 December 2016	30 June 2016
			\$	\$
CURRENT ASSETS				
Cash and cash equivalents			16,670,610	16,936,145
Trade and other receivables			183,247	177,562
Other financial assets			200,000	-
TOTAL CURRENT ASSETS			17,053,857	17,113,707
NON CURRENT ASSETS				
Other financial assets			-	200,000
Property, plant and equipment			2,457,290	2,542,231
TOTAL NON CURRENT ASSETS			2,457,290	2,742,231
TOTAL ASSETS			19,511,147	19,855,938
CURRENT LIABILITIES				
Trade and other payables			45,499	91,041
Provisions			15,772	13,082
TOTAL CURRENT LIABILITIES			61,271	104,123
TOTAL LIABILITIES			61,271	104,123
NET ASSETS			19,449,876	19,751,815
EQUITY				
Contributed equity			66,641,061	66,631,264
Reserves			561,219	571,240
Retained earnings / (accumulated losses)			(47,752,404)	(47,450,689)
TOTAL EQUITY			19,449,876	19,751,815

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

Statement of Changes in Equity

Half-Year Ended 31 December 2016

Consolidated Group	Notes	Issued Ordinary Capital	Option Reserve	Retained Earnings	Total
		\$	\$	\$	\$
Balance at 1 July 2015		78,401,613	690,892	(51,788,573)	27,303,932
Loss for the period		-	-	(2,115,770)	(2,115,770)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(2,115,770)	(2,115,770)
Employee shares issued during the period		107,452	(107,452)	-	-
Transaction costs associated with employee shares		(1,954)	-	-	(1,954)
Employee share options issued during the period		-	90,387	-	90,387
Balance at 31 December 2015		78,507,111	673,827	(53,904,343)	25,276,595
Balance at 1 July 2016		66,631,264	571,240	(47,450,689)	19,751,815
Loss for the period		-	-	(301,715)	(301,715)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(301,715)	(301,715)
Employee shares issued during the period		10,021	(10,021)	-	-
Transaction costs associated with capital return		(224)	-	-	(224)
Balance at 31 December 2016		66,641,061	561,219	(47,752,404)	19,449,876

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

Statement of Cash Flow

Half-Year Ended 31 December 2016

	Notes	Consolidated Group	
		31 December 2016	31 December 2015
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		137,574	14,942
Payments to suppliers and employees		(473,646)	(1,789,338)
Payments for exploration expenditure		(152,934)	(722,276)
Interest received		222,522	328,737
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		(266,484)	(2,167,935)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts from sales of property, plant & equipment		1,173	258,500
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES		1,173	258,500
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of capital return costs		(224)	-
Payment of share issue costs		-	(1,954)
NET CASH INFLOW FROM FINANCING ACTIVITIES		(224)	(1,954)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(265,535)	(1,911,389)
Cash and cash equivalents at the beginning of the financial year		16,936,145	22,998,193
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		16,670,610	21,086,804

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

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Bauxite Resources Limited and controlled entities ("Consolidated Group" or "Group"). The financial statements were authorised for issue on 21 February 2017 by the Directors of the Company.

(a) Basis of preparation

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

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2016, together with any public announcements made during the following half-year. The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

2. REVENUE

From continuing operations

	Consolidated Group	
	31/12/2016	31/12/2015
	\$	\$
Reimbursement of exploration costs	89,348	158,899
Other revenue	49,466	59,174
Interest	226,618	318,641
	365,432	536,714

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

Expenses

	Consolidated Group	
	31/12/2016	31/12/2015
	\$	\$
Lease payments	26,505	238,966
Exploration expenditure	150,737	334,597

4. OPERATING SEGMENTS

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

Notes to the Financial Statements cont.

5. DISCONTINUED OPERATIONS

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

	Consolidated Group	
	31/12/2016	31/12/2015
	\$	\$
Financial performance information		
Other income	-	-
Interest income	-	1,868
Exploration expenses as incurred	-	(437,586)
Bankable feasibility and other studies	-	(97,103)
Depreciation and amortisation expense	-	(4,167)
Profit / (loss) before income tax	-	(536,988)
Income tax expense	-	-
Profit after income tax expense for the half-year	-	(536,988)
Profit / (loss) on disposal before income tax expense	-	-
Income tax expense	-	-
Profit / (loss) on disposal after income tax expense	-	-
Profit / (loss) after income tax expense from discontinued operations	-	(536,988)

	Consolidated Group	
	31/12/2016	31/12/2015
	\$	\$
Cash flow information		
Net cash inflow/(outflow) from operating activities	-	(546,300)
Net cash inflow/(outflow) from investing activities	-	-
Net increase / (decrease) in cash and cash equivalents from discontinued operations	-	(546,300)

	Consolidated Group	Consolidated Group
	31/12/2016	31/12/2015
	\$	\$
Carrying amounts of assets and liabilities from discontinued operations		
Cash and cash equivalents	-	297,819
Trade and other receivables	-	341,819
Other financial assets	-	1,403
Property, plant and equipment	-	27,178
Total assets	-	668,219
Trade and other payables	-	3,480
Provisions	-	3,060
Total liabilities	-	6,540
Net assets	-	661,679

Notes to the Financial Statements cont.

6. CONTRIBUTED EQUITY

	Notes	31/12/2016		31/12/2015	
		Number of securities	\$	Number of securities	\$
(a) Share capital					
Ordinary shares fully paid	6b, 6d		66,641,061		78,507,111
Total contributed equity			66,641,061		78,507,111
(b) Movements in ordinary share capital					
Beginning of the half-year		214,302,336	66,631,264	231,897,696	78,401,613
Issued during the half-year:		120,000	10,021	2,104,640	107,452
Less: Transaction costs		-	(224)	-	(1,954)
End of the half-year		214,422,336	66,641,061	234,002,336	78,507,111

	Consolidated Group	
	31/12/2016 \$	31/12/2015 \$
(c) Movements in options on issue		
Beginning of the half-year year	-	2,000,000
Exercised, cancelled or expired during the half-year:	-	-
End of the half-year	-	2,000,000

(d) Ordinary shares

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

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

7. CONTINGENCIES

The Company is not aware of any contingent liabilities as at 31 December 2016 or at the date of this report.

8. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No event that has arisen since 31 December 2016 which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

Directors' Declaration

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

1. the financial statements and notes as set on pages 4 to 10, are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the Company's and the consolidated entity's financial position as at 31 December 2016 and of their performance for the half-year ended on that date;
2. In the Directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Robert Nash
Chairman

Perth, 21 February 2017

Independent Review Report

MOORE STEPHENS

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

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Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Bauxite Resources Limited which comprises the consolidated condensed statement of financial position as at 31 December 2016, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity, the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Bauxite Resources Limited's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Bauxite Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Independent Review Report Cont.

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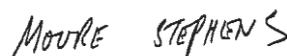
Conclusion

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

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 21st day of February 2017

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