



BAUXITE RESOURCES LIMITED

ACN 119 699 982

ENTITLEMENTS ISSUE PROSPECTUS

For a non-renounceable entitlements issue of 53,818,750 Options on the basis of one Option for every two (2) Shares held by Shareholders registered at 5.00pm (WST) on 1 February 2008 at an issue price of 1 cent per Option to raise approximately \$538,188 (Offer).

The Offer is underwritten by Cunningham Securities Pty Ltd, holder of Australian Financial Services Licence No 294848.

Important Notice

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Options being offered under this Prospectus or any other matter, you should consult your stockbroker, accountant or other professional adviser.

The Options offered by this Prospectus should be considered speculative.

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TIMETABLE AND IMPORTANT DATES

Event	Date
Lodgement of Prospectus with the ASIC	22 January 2008
Notice to Shareholders	24 January 2008
Ex Date	25 January 2008
Record Date for determining Shareholder entitlements	1 February 2008
Opening Date and dispatch of Prospectus to Shareholders	7 February 2008
Closing Date of Offer	17 March 2008
Options quoted on a deferred settlement basis	18 March 2008
Allotment and dispatch of holding statements	27 March 2008

Note: These dates are determined based upon the current expectations of the Directors and may, subject to the Listing Rules, be changed without notice. The Directors may extend the Closing Date by giving at least 6 Business Days' notice to ASX prior to the Closing Date.

IMPORTANT INFORMATION

Investors should read this document in its entirety and, if in doubt, should consult their professional advisers before deciding whether to apply for Options offered under this Prospectus.

This Prospectus is dated 22 January 2008 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The Expiry Date of the Prospectus is the date that is 13 months after the date of this Prospectus (**Expiry Date**). No Options will be allotted or issued on the basis of this Prospectus after the Expiry Date.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia and New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

No person is authorised to give any information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus.

Please read this document carefully before you make a decision to accept the Offer. An investment in the Company has specific risks which you should consider before making a decision to invest.

Certain terms and abbreviations used in this Prospectus have defined meanings which are set out in the Glossary.

This Prospectus is a transaction specific prospectus for an offer of Options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Electronic Prospectus

This Prospectus may be issued as an electronic prospectus. The offer of Options pursuant to this Prospectus is available to persons receiving an electronic version of this Prospectus within Australia. The Corporations Act prohibits any person from passing an Acceptance Form to another person unless it is attached to or accompanies the complete and unaltered version of this Prospectus. The Prospectus may be viewed online at: www.bauxiteresources.com.au.

CORPORATE DIRECTORY

Directors

Luke Atkins
Robert Nash
Neil Lithgow
David McSweeney

Company Secretary

Graeme Smith

Telephone: (08) 9481 7288

Registered Office

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EAST PERTH WA 6004

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Solicitors to the Company

Steinepreis Paganin
Level 4, Next Building
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PERTH WA 6000

Telephone: (08) 9321 4000
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Share Registry*

Security Transfer Registrars Pty Ltd
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APPLECROSS WA 6153

Telephone: (08) 9315 2333
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Auditors*

Moore Stephens
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12 St George's Terrace
PERTH WA 6000

Telephone: (08) 9225 5355
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Underwriter*

Cunningham Securities Pty Ltd
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PERTH WA 6000

Telephone: (08) 9223 2222
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* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

CHAIRMAN'S LETTER

Dear Shareholder

We are pleased to offer you the opportunity to participate in the offer of one (1) Option exercisable at 20 cents on or before 31 January 2009 for every two (2) Shares held by you as at 1 February 2008 at an issue price of 1 cent per Option.


The Offer is underwritten and will raise approximately \$538,188 before expenses. Funds raised will be applied to exploration and working capital.

The Company's strategy is to seek to identify sufficient resources to develop a sustainable bauxite export industry and to assess potential resources for the viability of establishing an alumina refinery thus enabling the Company to capitalise on the increasing world demand for aluminium.

Since listing on the ASX, the Company has appointed well-known and highly experienced Australian mining executive Mr David McSweeney to the Board to bolster its senior management team.

The Board thanks you for your continued support.

Yours sincerely



Mr Luke Atkins
Executive Chairman

SECTION 1

1. DETAILS OF THE OFFER

1.1 The Offer

The Company is offering an entitlement issue of Options pursuant to this Prospectus. The purpose of the Offer and the use of the funds raised pursuant to the Offer are set out in Section 2.1 of this Prospectus.

The Offer consists of a non-renounceable entitlements offer of 53,818,750 Options on the basis of one (1) Option for every two (2) Shares held by Shareholders registered at 5.00pm on 1 February 2008 at an issue price of 1 cent per Option to raise \$538,188 before expenses of the Offer.

The terms of the Options are set out in Section 3 of this Prospectus.

1.2 How to Apply

Shareholders' acceptance of the Offer must be made on the Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
 - (i) complete the Acceptance Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque for the amount indicated on the Acceptance Form; or
- (b) if you only wish to accept part of your Entitlement:
 - (i) fill in the number of Options you wish to accept in the space provided on the Acceptance Form; and
 - (ii) attach your cheque for the appropriate application monies (at 1 cent per Option); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Bauxite Resources Limited – Offer Account" and crossed "Not Negotiable".

Your completed Acceptance Form and cheque must reach the Share Registry by no later than 5.00pm WST on the Closing Date.

The Offer is non-renounceable. Accordingly, a holder of Shares may not sell or transfer all or part of their Entitlement.

1.3 Minimum Subscription

There is no minimum subscription in respect of the Offer.

1.4 Underwriting

The Company and Cunningham Securities Pty Ltd (**Underwriter**) entered into the Underwriting Agreement pursuant to which the Underwriter will underwrite the offer up to the Underwritten Amount.

In consideration for underwriting the Offer, the Company has agreed to pay the Underwriter an underwriting fee of 5.5% of the funds raised under the Offer.

Please refer to Section 5.2 of this Prospectus for a summary of the terms and conditions of the Underwriting Agreement.

1.5 Allotment of Options

Options offered pursuant to this Prospectus will be allotted as soon as practicable after the Closing Date.

Pending the allotment and issue of the Options all application monies will be held by the Company in trust for the applicants in a separate bank account as required by the Corporations Act. The Company will, however, be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

1.6 Risk Factors

Prospective applicants should be aware that subscribing for Options the subject of this Prospectus involves a number of risks. These risks are set out in Section 4 of this Prospectus and investors are urged to consider those risks carefully (and if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 4, and other general risks applicable to all investments in securities not specifically referred to, may in the future affect the value of the Options. Accordingly, an investment in the Company should be considered speculative.

1.7 ASX Listing

The Company will apply to ASX within seven (7) days after the date of this Prospectus for official quotation of the Options offered under this Prospectus. If ASX does not grant permission for official quotation of the Options within three (3) months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, all applications will be dealt with in accordance with the Corporations Act.

1.8 Electronic Prospectus

This Prospectus will be issued in paper form and as an electronic prospectus. The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia. The Corporations Act prohibits any person from passing onto another person an Acceptance Form unless it is attached to or accompanied by a complete and unaltered version of this Prospectus. Whilst the Offer is open, any person may obtain a hard copy of this Prospectus by contacting the Company using the contact details set out in the Corporate Directory.

1.9 Taxation Implications

The Directors do not consider that it is appropriate to give potential applicants advice regarding the taxation consequences of applying for Options under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to potential applicants. Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

1.10 Privacy Act

If you complete an application for Options, you will be providing personal information to the Company (directly or by the Company's Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and Option holder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Options, the Company may not be able to accept or process your application.

1.11 Overseas Shareholders

Only Shareholders who are registered as at 5.00pm (WST) on the Record Date with registered addresses in Australia and New Zealand will be able to participate in the Offer.

The Directors believe that it is unreasonable to make the Offer to foreign Shareholders, having had regard to the number of Shareholders in the relevant jurisdictions, the number and value of Options those Shareholders would be offered and the cost of complying with the securities legislation of those jurisdictions.

Accordingly, the Offer is not being made, and no Options will be issued, to Shareholders whose registered address is in a country other than Australia or New Zealand.

1.12 Enquiries

Any questions concerning the Offer should be directed to the Company Secretary, Graeme Smith, on (08) 9481 7288.

SECTION 2

2. PURPOSE AND EFFECT OF THE OFFER

2.1 Purpose of the Offer and Use of Funds Raised

The purpose of the Offer is to raise approximately \$538,188 (before expenses of the Offer). Proceeds raised from the Offer will be used to fund the Company's exploration activities to identify and delineate commercially significant bauxite deposits that can readily be brought into production.

The indicative application of funds raised under the Offer will be as follows:

Item	Amount
Exploration and working capital	\$496,588
Expenses of the Offer	\$12,000
Underwriting fees	\$29,600
Total	\$538,188

2.2 Effect of the Offer

The principal effect of the Offer (assuming full subscription) and no existing options on issue are exercised prior to the Record Date will be to:

- (a) increase cash reserves by approximately \$496,588 after deducting estimated cash expenses of the Offer; and
- (b) increase the number of options on issue from 15,000,000 as at the date of this Prospectus to 68,818,750 options. The number of Shares on issue will not change.

2.3 Statement of Financial Position

Set out below is:

- (a) an unaudited consolidated balance sheet of the Company as at 31 December 2007; and
- (b) an unaudited pro-forma consolidated balance sheet of the Company as at 31 December 2007 incorporating and assuming:
 - (i) the Offer of 53,818,750 Options at 1 cent each to raise approximately \$538,188; and
 - (ii) the payment of cash costs of the Offer of \$41,600 (which are payable from the proceeds of the Offer).

Pro-forma statement of financial position as at 31 December 2007:

	31 December 2007 Unaudited	31 December 2007 Pro Forma
Assets		
Current Assets		
Cash	\$7,777,687	\$8,274,275
Bond	\$1,467	\$1,467
Receivables	\$56,338	\$56,338
Non Current Assets		
Plant & Equipment	\$13,916	\$13,916
Exploration Expenditure	\$200,342	\$200,342
Total Assets	\$8,049,750	\$8,546,338
Liabilities		
Current Liabilities		
Payables	\$4,920	\$4,920
Accrued Expenses	\$35,514	\$35,514
Total Liabilities	\$40,434	\$40,434
Net Assets	\$8,009,316	\$8,505,904
Equity		
Issued Share Capital		
Issued Share Capital	\$8,787,573	\$9,325,761
Capital Raising Costs	(\$634,070)	(\$675,670)
Retained Earnings	(\$144,186)	(\$144,187)
Total Equity	\$8,009,317	\$8,505,904

2.4 Pro Forma Capital Structure of the Company

Upon completion of the Offer, the capital structure of the Company will be:

Shares

Shares on issue as at the date of this Prospectus	107,637,500
Total Shares	107,637,500

Options

Options on issue as at the date of this Prospectus	2,000,000
Director options on issue as at the date of this Prospectus	13,000,000
Options offered pursuant to this Prospectus	53,818,750
Total Options	68,818,750

SECTION 3

3. TERMS OF SECURITIES

3.1 Terms of Options

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Option holder the right to subscribe for one Share. To obtain the right given by each Option, the Option holder must exercise the Options in accordance with the terms and conditions of the Options.
- (b) The Options will expire at 5:00 pm (WST) on 31 January 2009 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.20 (**Exercise Price**).
- (d) The Options held by each Option holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Option holder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,**(Exercise Notice)**.
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) The Company will apply for quotation of the Options on ASX.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (j) The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

- (l) There are no participating rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

3.2 Rights and Liabilities Attaching to Shares Issued Upon Conversion of Options

The following is a summary of the more significant rights and liabilities attaching to Shares issued upon conversion of the Options. Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend Rights**

Subject to the rights of persons (if any) entitled to shares with special rights to dividend the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to shares with special rights as to dividend all dividends are to be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

(d) **Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, shares classified by ASX as restricted securities at the time of the commencement of the winding up shall rank in priority after all other shares.

(e) **Transfer of Shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) **Variation of Rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

SECTION 4

4. RISK FACTORS

4.1 General

The Options offered under this Prospectus are considered speculative, and involve investors being exposed to risk. The Directors recommend potential applicants examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Options offered pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors.

The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Company's quoted securities.

This list is not exhaustive and potential applicants should examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Options.

4.2 Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

4.3 Market Conditions

The market price of quoted securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

4.4 Exploration Success

The mineral tenements in which the Company has an interest are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

The mineral tenements of the Company are at various stages of application and grant. There can be no assurance that the tenement applications that are currently in the pending status will be granted.

There can be no assurance that when a tenement is granted, that it will be granted in its entirety. Some of the tenement area applied for may be excluded.

Some of the tenements cover ground that has been released pursuant to clauses within Western Australian Government State Agreements, which may exclude the right to explore for, or mine, bauxite. While the Company will endeavour to negotiate with the State Government and other relevant parties to secure the bauxite exploration and mining rights for these areas, there can be no guarantee that the Company will be able to negotiate the bauxite rights to these areas.

Where the tenements cover freehold land, the Company will be required to negotiate with landholders in order to gain access. There exists a number of conditions whereby freehold landowners are entitled to withhold permission to access their land for the purpose of exploration. While the Company will endeavour to secure access to these areas, there can be no guarantee that these endeavours will be successful.

There can be no assurance that exploration of the tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

4.5 Operating Risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

4.6 Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional

fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

4.7 Commodity Price Volatility and Exchange Rate Risk

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

4.8 Environmental and Title Risks

The operations and proposed activities of the Company are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Company's interests in tenements are governed by State legislation. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to, or its interest in, tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

Various tenements in which the Company has an interest in are subject to native title rights of indigenous Australians. The ability of the Company to gain access to its tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected by these native title rights.

4.9 Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

4.10 Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

4.11 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Options offered under this Prospectus.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Options offered pursuant to this Prospectus.

SECTION 5

5. ADDITIONAL INFORMATION

5.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" for the purpose of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Shares which will be issued on conversion of the Options issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 3 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus". In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific disclosure requirements of ASX as applicable from time to time since the date the Company listed on ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, the offices of the ASIC; and
- (b) it will provide a copy of any continuous disclosure given by the Company since the date the Company listed on ASX.

As at the date of this Prospectus, the Company has not lodged any annual financial report or half-year financial report with ASIC.

The Company has lodged the following announcements with ASX since lodgement of the initial public offer prospectus with the ASIC on 13 August 2007:

Date	Announcement
18/01/2008	Results of General Meeting
18/01/2008	Bauxite Resources to Issue Loyalty Options

03/01/2008	Change of Director's Interest Notice
06/12/2007	Progress Report - Additional Exploration Licences Granted
05/12/2007	Change of Director's Interest Notice - Neil Lithgow
05/12/2007	Change of Director's Interest Notice - Luke Atkins
03/12/2007	Notice of General Meeting/Proxy Form
03/12/2007	Change of Director's Interest Notice
27/11/2007	Change of Director's Interest Notice
21/11/2007	Response to ASX Share Price Query
20/11/2007	Initial Director's Interest Notice – David McSweeney
20/11/2007	Director Appointment – David McSweeney
05/11/2007	Results of Meeting
24/10/2007	Company Secretary Appointment/Resignation
24/10/2007	Becoming a substantial holder from Tailrain Pty Ltd/A Atkins
24/10/2007	Becoming a substantial holder
24/10/2007	Becoming a substantial holder
24/10/2007	Becoming a substantial holder
24/10/2007	Initial Director's Interest Notice
19/10/2007	Constitution
19/10/2007	Table of Escrowed Securities
19/10/2007	Listing Application – Appendix 1A
19/10/2007	Corporate Governance Statement
19/10/2007	Statement of Commitments
19/10/2007	Terms and Conditions of Incentive Option Scheme
19/10/2007	Updated Statement of Financial Position
19/10/2007	Top 20 shareholders
19/10/2007	Distribution Schedule
19/10/2007	Pre-Quotation Disclosure
19/10/2007	Admission to Official List
23/08/2007	Disclosure Document

5.2 Underwriting Agreement

The Company and the Underwriter entered into the Underwriting Agreement pursuant to which the Underwriter will underwrite the Offer up to the Underwritten Amount. The material terms of the Underwriting Agreement are as follows:

- (a) **(Underwriting)**: the Underwriter will subscribe for the Shortfall at 1 cent per Option;
- (b) **(Consideration)**: in consideration for underwriting the Offer, the Company has agreed to pay an underwriting fee equal to 5.5% of the amount raised under this Prospectus. The total amount payable to the Underwriter is approximately \$29,600;
- (c) **(Sub-underwriting)**: the Underwriter is entitled to enter into sub-underwriting arrangements in respect of the Shortfall;
- (d) **(Warranties)**: the Company has given warranties and covenants to the Underwriter which are standard in agreements of this nature;
- (e) **(Termination)**: the Underwriting Agreement provides that the Underwriter may terminate the Underwriting Agreement and its obligations under it at any time without cost or liability to the Underwriter upon the occurrence of any one or more of the following events:

- (i) **(Default)**: the Company is in default of any of the terms and conditions of the Underwriting Agreement or breaches any warranty or covenant made by it to the Underwriter;
- (ii) **(Adverse change)**: any adverse change occurs which materially impacts the financial position of the Company or the industry in which the Company operates;
- (iii) **(Event of insolvency)**: an event of insolvency occurs in relation to the Company;
- (iv) **(Hostilities)**: there is an outbreak of hostilities or an escalation of hostilities (whether or not war has been declared) after the date of this Agreement involving Australia, Japan, any member of the European Community, the USA, any member of the former Union of Soviet Socialist Republics, Indonesia, Peoples' Republic of China, New Zealand, Hong Kong, Taiwan, Singapore or Malaysia, which, in the reasonable opinion of the Underwriter, has or is likely to have a material adverse effect on the Offer; and
- (v) **(Dishonest Director)**: a Director is convicted of a criminal offence or becomes bankrupt and, in the reasonable opinion of the Underwriter, it is likely to have a material adverse effect on the Offer.

5.3 Market price of Shares on ASX

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

- (a) highest – 55 cents on 28 November 2007; and
- (b) lowest – 20 cents on 22 October 2007.

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was 32 cents per Share on 21 January 2008.

5.4 Consents

Steinepreis Paganin has given, and has not withdrawn, its written consent to be named in this Prospectus as the solicitor to the Company.

Steinepreis Paganin has not authorised or caused the issue of this Prospectus and does not accept any liability to any persons in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

Cunningham Securities Pty Ltd has given, and has not withdrawn, its written consent to be named in this Prospectus as the Underwriter to the Offer.

Cunningham Securities Pty Ltd has not authorised or caused the issue of this Prospectus and does not accept any liability to any persons in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

5.5 Directors' Interests and Remuneration of Directors

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within two years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the promotion or formation of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of securities pursuant to this Prospectus; or
- (c) the offer of Options pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company or the offer of Options pursuant to this Prospectus.

The Directors' interests in securities in the Company at the date of this Prospectus are:

Director	Shares	Options
Luke Atkins	17,041,667	3,000,000
Robert Nash	204,900	1,000,000
Neil Lithgow	18,291,666	3,000,000
David McSweeney	627,500	6,000,000

The Constitution provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting (currently set at \$250,000), to be divided among the Directors and in default of agreement then in equal shares.

Directors are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

No non-executive Director shall be paid as part or whole of his remuneration a commission on or a percentage of profits or operating revenue.

If any of the Directors are called upon to perform extra services or make any special exertions on behalf of the Company or its business, the Directors may remunerate this Director in accordance with such services or exertions, and this remuneration may be either in addition to or in substitution for the remuneration provided in the form of directors' fees.

The table below sets out the remuneration provided to the Directors and their associated entities during the last financial year prior to the date of this Prospectus and their current annual remuneration at the date of this Prospectus, inclusive of directors' fees and consultancy fees.

Director	Year Ended 30 June 2007	Current Financial Year
Luke Atkins	Nil	\$286,000

Robert Nash	\$1,250	\$30,000
Neil Lithgow	Nil	\$30,000
David McSweeney	Nil	\$30,000

5.6 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert or adviser nor any firm in which such an expert or adviser is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the promotion or formation of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of securities pursuant to this Prospectus; or
- (c) the offer of Options pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or shares or otherwise) to any expert or adviser or to any firm in which any such expert or adviser is a partner, either to induce him to become, or to qualify him as, an expert or adviser or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company or the offer of Options pursuant to this Prospectus.

Steinepreis Paganin have acted as solicitor to the Company in relation to the Offer and assisted in conducting due diligence enquiries in respect of the Prospectus. The Company estimates it will pay them \$8,000 in respect of this work.

Cunningham Securities Pty Ltd has acted as underwriter to the Company in relation to the Offer. The Company will pay underwriting fees to Cunningham Securities Pty Ltd in accordance with the terms of the Underwriting Agreement.

5.7 Litigation

The Company is not engaged in any legal or arbitration proceedings, nor so far as the Directors are aware, are there any legal or arbitration proceedings active, pending or threatened by or against the Company which may have or have had a significant effect on the financial position of the Company.

5.8 Expenses of the Offer

The estimated expenses of the Offer (excluding GST) are as follows:

Item	Amount
ASIC fees	\$2,010
Printing, mailing and other expenses	\$1,990
Legal fees	\$8,000
Underwriting Fees	\$29,600
Total	\$41,600

SECTION 6

6. DIRECTORS' AUTHORISATION

6.1 Directors' Authorisation and Consent

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Luke F Atkins
For and on behalf of
Bauxite Resources Limited

GLOSSARY

Acceptance Form means the entitlement and acceptance form for the Offer accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means, as the context requires, ASX Limited (ACN 008 624 691) or the Australian Securities Exchange.

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the closing date for the Offer, being 17 March 2008 unless extended by the Company.

Company means Bauxite Resources Limited (ACN 119 699 982).

Constitution means the Company's constitution as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Dollar or "\$" means Australian dollars.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Listing Rules or **ASX Listing Rules** means the Listing Rules of ASX.

Offer means the non-renounceable entitlements offer of one (1) Option for every two (2) Shares held by the Shareholders on the Record Date at an issue price of 1 cent per Option. Further details are set out in Section 1.1 of this Prospectus.

Option means an option to acquire a Share on the terms set out in Section 3.1 of this Prospectus.

Prospectus means this prospectus.

Record Date means the record date for determining Shareholders' entitlement to participate in the Offer, being 1 February 2008.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Security Transfer Registrars Pty Ltd.

Shareholder means a shareholder of the Company.

Shortfall means the number of Options comprising the difference between the Options the subject of the Offer and the number of Options for which valid applications have been received and accepted by the Company.

Underwriter means Cunningham Securities Pty Ltd (ACN 088 055 636).

Underwriting Agreement means the agreement entered into between the Company and the Underwriter on 21 January 2008, pursuant to which the Underwriter agreed to underwrite the Offer.

Underwritten Amount means all of the Options offered under the Offer.

WST means Western Standard Time.

ENTITLEMENT AND ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT
YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.

BAUXITE RESOURCES LIMITED

ACN 119 699 982

REGISTERED OFFICE
35/82 Royal Street
EAST PERTH WA 6004

SHARE REGISTRY
Security Transfer Registrars
Suite 1, Alexandria House
770 Canning Highway
APPLECROSS WA 6153

Security Reference Number:
Entitlement No:
Sub-Register:

Shareholding at 5.00 pm. 1 February 2008	Entitlement to new Options on the basis of 1 Option for every 2 Shares held	Amount Payable at 1 cent per Option
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Non-renounceable entitlement issue of approximately 53,818,750 Options on the basis of 1 Option for every 2 Shares held at the Record Date (fractional entitlements rounded up), at an issue price of 1 cent per Option.

To the Directors
Bauxite Resources Limited

1. I/We the above mentioned, being registered on 1 February 2008 as the holder(s) of Shares in your Company hereby accept the below mentioned Options issued in accordance with the enclosed Prospectus;
2. I/We enclose my/our cheque made payable to Bauxite Resources Limited – Offer Account, for the amount shown being payment at the rate of 1 cent per Option;
3. I/We hereby authorise you to place my/our name(s) on the register of Option holders in respect of the number of Options allotted to me/us; and
4. I/We agree to be bound by the Constitution of the Company.

RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR
ACCEPTANCE OF THE SECURITIES BEING OFFERED

Options Accepted	Amount Enclosed at 1 cent per option

PLEASE ENTER CHEQUE DETAILS THANKYOU	Drawer	Bank	Branch or BSB	Amount

My/Our contact details in the case of inquiry are:

Telephone () Fax () Contact Name

NOTE: Cheques should be made payable to Bauxite Resources Limited – Offer Account, crossed "NOT NEGOTIABLE" and forwarded to Security Transfer Registrars, Suite 1, Alexandria House, 770 Canning Highway, Applecross, Western Australia, 6153 to arrive no later than 5.00pm Western Standard Time on 17 March 2008.

Complete this panel and sign below only if a change of address is to be registered with the Company.

New Address:

Signature(s): Date:

Please indicate your correct title : Director / Secretary /

ISSUE CLOSES 5.00PM W.S.T. ON 17 March 2008

THE DIRECTORS RESERVE THE RIGHT TO MAKE AMENDMENTS TO THIS FORM WHERE APPROPRIATE
PLEASE REFER OVERLEAF FOR INSTRUCTIONS

EXPLANATION OF ENTITLEMENT

1. The front of this form sets out the number of new Options which you are entitled to accept.
2. Your entitlement may be accepted either in full or in part. There is no minimum acceptance.
3. You may not apply for new Options in excess of your maximum entitlement.
4. The price payable on acceptance of each new Option is 1 cent.
5. You may accept your entitlement by completing the Entitlement and Acceptance Form overleaf.

APPLICATION INSTRUCTIONS

1. The issue price of 1 cent per Option is payable in full upon application.
2. Payments must be made in Australian currency by cheque or bank draft drawn on and payable at a bank within Australia. Cheques or bank drafts drawn on banks outside Australia in either Australian currency or in foreign currency will not be accepted.
3. The cheques must be made payable to Bauxite Resources Limited – Offer Account and crossed “Not Negotiable”.
4. When completed, this form together with the appropriate payment in Australian currency should be forwarded to Bauxite Resources Limited, c/- Security Transfer Registrars Pty Ltd at the address below.
5. A Reply Paid envelope is enclosed with the Prospectus.
6. Acceptances must be received by Security Transfer Registrars Pty Ltd no later than 5.00pm W.S.T. 17 March 2008.

ENQUIRIES

Any enquiries should be directed to:

**Security Transfer Registrars Pty Ltd
Suite 1, Alexandra House
770 Canning Highway
APPLECROSS WA 6153**

**Postal Address
PO Box 535
APPLECROSS WA 6953
Telephone 1300 557 010
Facsimile (08) 9323 2033**