

BAUXITE RESOURCES LIMITED

ABN 72 119 699 982

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

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 2018 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 CONT.

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 2018.

DIRECTORS

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

Robert Nash – Non Executive Chairman

Neil Lithgow – Non Executive Director

Luke Atkins – Non Executive Director

Zhaozhong Wang – Non Executive Director

REVIEW OF OPERATIONS

BUSINESS DIRECTION AND BOARD STRATEGY

During the half-year ending 31 December 2018, the Company's main focus has continued on the exploration and development of the recently generated Silica Sand projects at Albany, Esperance and Gingin, and Hard Rock Silica Quartz projects in the South West of WA and Far North Queensland along with the bauxite projects held within the HD Mining Joint Venture.

SILICA

Agreement with Urban Resources

A binding agreement was executed with Urban Resources Pty Ltd to jointly exploit Urban's Silica Sand deposit located in Bullsbrook, Western Australia, in the same location as the ASQ Gingin Silica Sand Project. The agreement is subject to a number of conditions including completion of legal due diligence. A more detailed formal agreement will be entered into within 150 days.

Urban has operated the mine for the last five years with over 1 million tonnes mined from the deposit in the last financial year. Urban will run the mine operations using its current staff and equipment together with the additional equipment to be acquired by ASQ, with each party providing its services at its cost and profits will be split equally. ASQ will run the marketing and sales operations and will fund the additional equipment up to \$1.25 million required to purify and upgrade the mined sand. After washing, the mined sand is expected to produce a product with 99.93% silica and iron levels less than 0.012% (refer full details in the 21 January announcement Update on Silica Sand Term Sheet).

BRL has retained the services of Stephen Elliott, sole director of Urban, as a consultant to the Company. Stephen has worked for over 30 years in the sand mining industry focussed on processed sands for supply to the construction industry as well as export silica with his former employer Rocla.

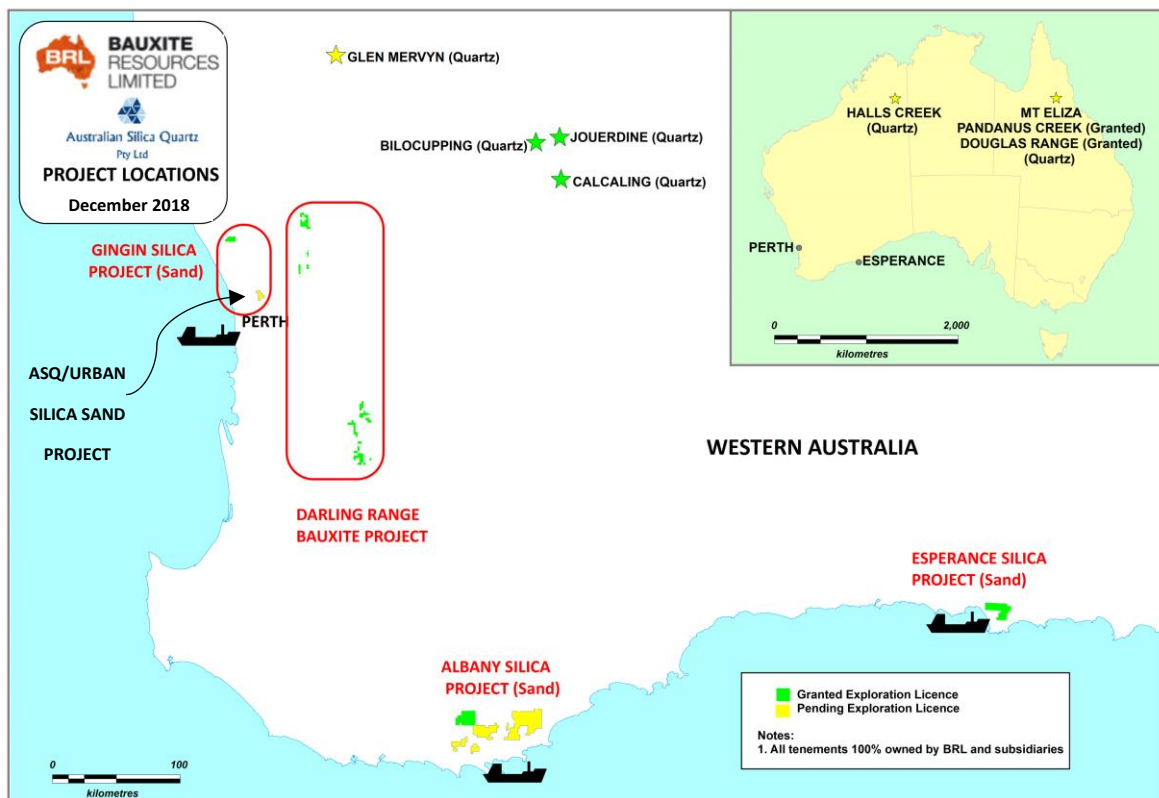


Figure 1 – BRL Bauxite & ASQ Silica Project Locations

The Company has acquired a range of silica sand and hardrock projects by exploration licence applications 100% held by BRL's wholly owned subsidiary Australian Silica Quartz Pty Ltd (ASQ). These projects now consist of 9 granted exploration licences and 8 applications covering approximately 1,370km² within Western Australia and Queensland.

SILICA SAND PROJECTS – GINGIN, ALBANY AND ESPERANCE

The Gingin Silica Sand Project consists of one granted and one application exploration licences located 20-70km north of Perth, the Albany Silica Sand Project consists of one granted exploration licence and six exploration application licences within 10-70km of the Port of Albany, the East Esperance Silica Sand Project consists of a single granted exploration licence 15km East of the Port of Esperance and the West Esperance Silica sand Project consists of a single exploration licence application 15km West of Esperance.

Desktop assessment of historical exploration data across the several silica sand projects is well advanced along with investigations into logistics and market considerations. Areas of interest have been identified and land access options are being assessed.

Roadside grab samples from the four Silica Sand Projects have returned encouraging results consistent with historically reported grades. Selected samples have been processed by washing, screening and density separation to give an indication of potential product characteristics with results up to 99.94% SiO₂ (refer full detail in the 14 December 2017 announcement Silica Sand and Hardrock Silica Quartz Project Updates).

Mineral and chemical characterisation of a selected sample from each sand project was carried out at a specialist silica laboratory in Germany indicating the sand should be suitable for the optical glass, glass sand, engineered stone and quartz filler markets. This conclusion is supported by the number of trade enquiries the company has received for large volumes of high quality sand.

DIRECTORS' REPORT CONT.

HARDROCK SILICA QUARTZ PROJECTS – WESTERN AUSTRALIA AND QUEENSLAND

The company has three granted exploration licences in the South West of Western Australia and three granted exploration permits in Far North Queensland. The leases cover known quartz deposits with the potential to contain high purity silica. Land access efforts are underway with preliminary fieldwork planned for 2019.

A research and development program is underway utilising samples collected from the companies tenement package. The program is investigating innovative processing techniques that could yield high purity product from high grade silica sand or hard rock quartz material.

BAUXITE EXPLORATION ACTIVITIES UNDERTAKEN UNDER THE JOINT VENTURE WITH HD MINING

In 2010 the Company entered into a JV with HD Mining & Investment Pty Ltd (HD Mining) a wholly-owned subsidiary of the Shandong Bureau No1 Institute for Prospecting of Geology & Minerals (Shandong) to explore for bauxite. The JV provides for HD Mining to fund 100% of exploration and feasibility costs for HD Mining to earn:

- a 40% interest in any defined area of exploration on the making a binding commitment by HD Mining to undertake a detailed feasibility study for the commercial mining of the defined area; and
- a further 20% interest in a defined area upon completion of the feasibility study and the making by the JV committee of a decision to commence mining.

The current JV resource stands at 94.7Mt and consists of 93.2Mt Inferred Mineral Resource and 1.5Mt Indicated Mineral Resource (refer full detail in the 23 April 2018 Announcement – 48% increase in Bauxite Resource at Ceres Deposit in Darling Range, WA).

BRL and HD Mining continue to evaluate the potential for economic development of the Dionysus and the combined Ceres/Athena resource areas (Athena: 36.2Mt, 32.8% available alumina, 2.8% reactive silica, see ASX announcement 15/07/14, Dionysus: 20.3Mt, 32.6% available alumina, 3.4% reactive silica, see ASX announcement 24/03/14, Ceres 21.9Mt, 31.4% available alumina, 3.2% reactive silica, see ASX announcement 23/04/18).

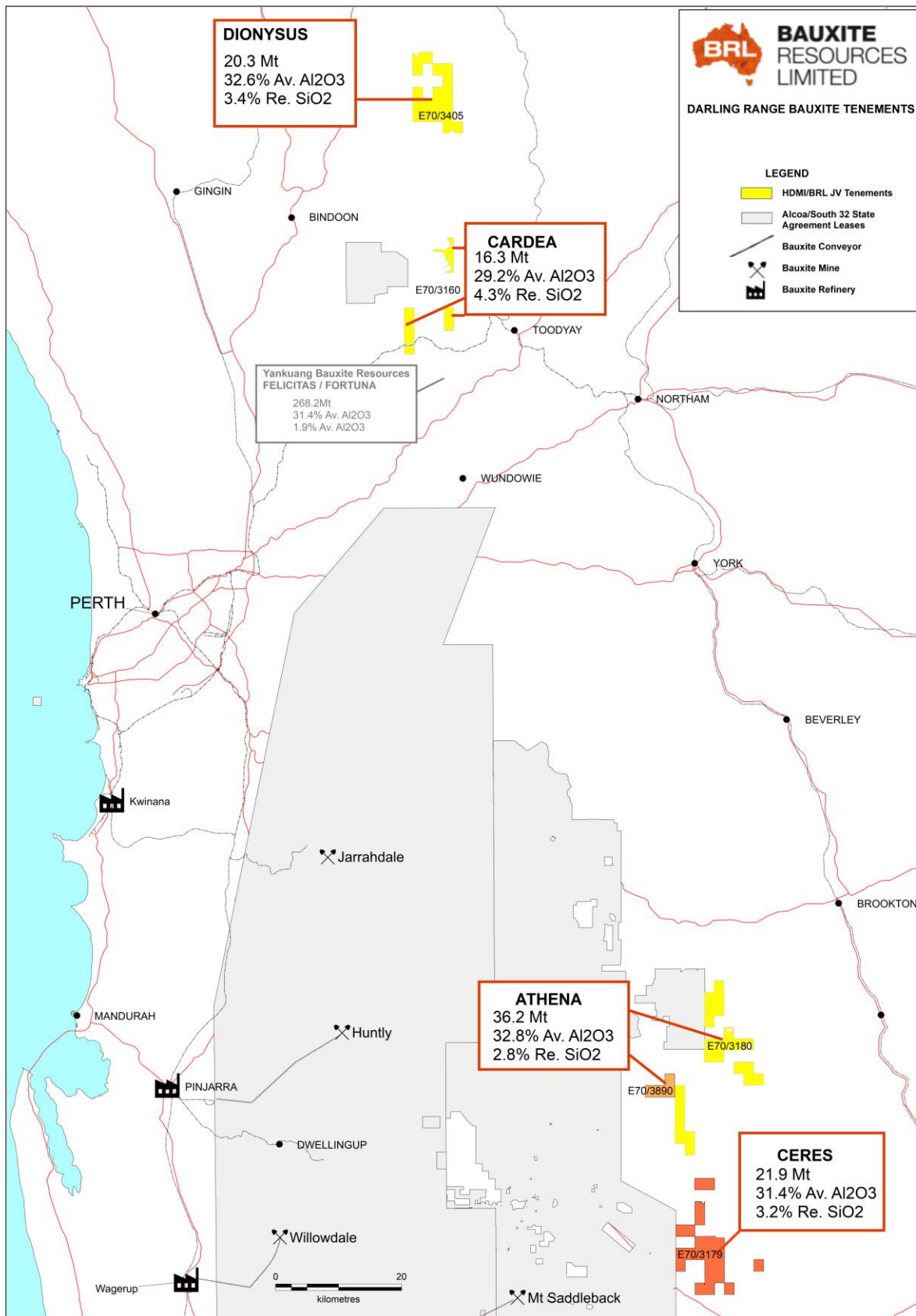


Figure 2 – BRL/HD JV Mining Darling Range bauxite tenement holding and resource locations

DIRECTORS' REPORT CONT.

CORPORATE

At the 2018 Annual General Meeting, shareholders approved an adjustment to the terms of the Performance Rights issued to Directors on the 15 November 2017, to take account of the changed value following the 5 cent per share Return of Capital made in 2018. A number of staff and consultants were also awarded Performance Rights on the same revised terms and conditions following that Meeting. The board, staff and consultants are now well incentivised to drive the Company performance forward in 2019.

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6 for the half-year ended 31 December 2018.

Signed in accordance with a resolution of the directors.



Robert Nash

Chairman

Perth, 8 March 2019

Competent Persons Statement

The information in this report that relates to the HD Mining Joint Venture (HDJV) resource base as a whole, was compiled by Nick Algie. Mr Algie is a qualified geologist and a full time employee of Bauxite Resources Limited (BRL). He is a shareholder in BRL and is entitled to participate in BRL's employee performance plan, details of which are included in BRL's 2017 Remuneration Report. Mr Algie is a member of the Australian Institute of Mining and Metallurgy, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Algie has consented to the inclusion in this report of material in the form and context in which it appears.

AUDITORS' INDEPENDENCE DECLARATION

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

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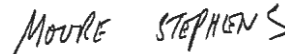
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I declare that, to the best of my knowledge and belief during the half year ended 31 December 2018, there have been:

- 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.



SL Tan
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 8th day of March 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	Consolidated Group	
		31 December 2018 \$	31 December 2017 \$
Continuing operations			
Recoupment of exploration costs	2	79,921	109,411
Other income	2	51,477	44,742
Interest income	2	61,859	184,890
Employee benefits expense		(139,205)	(115,225)
Exploration expenses as incurred	3	(200,226)	(199,636)
Administration expenses		(390,654)	(479,039)
Depreciation and amortisation expense		(2,985)	(12,424)
Impairment of Property following Independent Valuation		-	(430,642)
Gain/(loss) on disposal of fixed assets		-	-
Share-based payments expense		(109,816)	(20,353)
Profit / (loss) before income tax		(649,629)	(918,276)
Income tax expense		-	-
Loss after income tax expense for the half-year		(649,629)	(918,276)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss) for the period		(649,629)	(918,276)
Loss for the half-year is attributable to:			
Owners of Bauxite Resources Limited		(649,629)	(918,276)
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)		(0.30)	(0.43)
Diluted earnings per share (cents)		(0.30)	(0.43)

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	Consolidated Group	
		31 December 2018 \$	30 June 2018 \$
CURRENT ASSETS			
Cash and cash equivalents		4,507,543	4,929,206
Trade and other receivables		112,556	198,726
TOTAL CURRENT ASSETS		4,620,099	5,127,932
NON CURRENT ASSETS			
Other financial assets		200,000	200,000
Property, plant and equipment		1,928,089	1,925,587
TOTAL NON CURRENT ASSETS		2,128,089	2,125,587
TOTAL ASSETS		6,748,188	7,253,519
CURRENT LIABILITIES			
Trade and other payables		117,429	77,768
Provisions		2,920	8,099
TOTAL CURRENT LIABILITIES		120,349	85,867
TOTAL LIABILITIES		120,349	85,867
NET ASSETS		6,627,839	7,167,652
EQUITY			
Contributed equity	5	55,914,469	55,914,469
Reserves		762,860	653,044
Retained earnings / (accumulated losses)		(50,049,490)	(49,399,861)
TOTAL EQUITY		6,627,839	7,167,652

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

STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2018

Consolidated Group	Notes	Issued Ordinary Capital	Option Reserve	Retained Earnings	Total
		\$	\$	\$	\$
Balance at 1 July 2017		66,641,060	561,219	(47,949,155)	19,253,124
Loss for the period		-	-	(918,276)	(918,276)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(918,276)	(918,276)
Performance shares converted to ordinary shares		-	20,353	-	20,353
Balance at 31 December 2017		66,641,060	581,572	(48,867,431)	18,355,201
Balance at 1 July 2018		55,914,469	653,044	(49,399,861)	7,167,652
Loss for the period		-	-	(649,629)	(649,629)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(649,629)	(649,629)
Performance rights value for the period		-	109,816	-	109,816
Balance at 31 December 2018		55,914,469	762,860	(50,049,490)	6,627,839

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

STATEMENT OF CASH FLOW

HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	Consolidated Group	
		31 December 2018	31 December 2017
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		215,040	119,005
Payments to suppliers and employees		(489,197)	(529,974)
Payments for exploration expenditure		(211,000)	(195,208)
Interest received		68,981	204,016
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		(416,176)	(402,161)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts from sales of property, plant & equipment		-	-
Payments for property, plant and equipment		(5,487)	(5,065)
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES		(5,487)	(5,065)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of capital return costs		-	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(421,663)	(407,226)
Cash and cash equivalents at the beginning of the financial year		4,929,206	16,535,956
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		4,507,543	16,128,730

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

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

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018, 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 except for those described below.

New and amended accounting standards adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period and the group had to change its accounting policies as a result of adopting the following standards:

- AASB 9: Financial Instruments; and
- AASB 15: Revenue from Contracts with Customers

The adoption of these amended standards has had no significant impact on the Group's financial statements given the Group's current state of operations.

New Accounting Standards for Application in Future Periods

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

The directors anticipate that the adoption of AASB 16 will not have a significant impact on the Group's financial statements.

2. REVENUE

	Consolidated Group	
	31/12/2018	31/12/2017
	\$	\$
Reimbursement of exploration costs	79,921	109,411
Other revenue	51,477	44,742
Interest	61,859	184,890
	193,257	339,043

NOTES TO THE FINANCIAL STATEMENTS CONT.

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

Expenses

	Consolidated Group	
	31/12/2018 \$	31/12/2017 \$
Lease payments	25,746	26,505
Exploration expenditure	200,226	199,636

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.

5. CONTRIBUTED EQUITY

	Notes	31/12/2018		31/12/2017	
		Number of securities	\$	Number of securities	\$
(a) Share capital					
Ordinary shares fully paid	5b		59,914,469		66,641,060
Total contributed equity			<u>59,914,469</u>		<u>66,641,060</u>
(b) Movements in ordinary share capital					
Beginning of the half-year		214,422,336	59,914,469	214,422,336	66,641,060
Issued during the half-year:		-	-	-	-
Less: Transaction costs		-	-	-	-
End of the half-year		<u>214,422,336</u>	<u>59,914,469</u>	<u>214,422,336</u>	<u>66,641,060</u>

A capital return of \$10,721,117 plus cost of \$5,474 was made in the financial year ended 30 June 2018.

(c) Ordinary shares

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

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

6. CONTINGENCIES

The Company is not aware of any contingent liabilities as at 31 December 2018 or at the date of this report.

NOTES TO THE FINANCIAL STATEMENTS

7. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Since the 31 December 2018 the following key events have occurred.

- On the 21 January 2019 consultants were issued 2,000,000 Performance Rights, pursuant to the Performance Rights Plan as approved by shareholders at the AGM on the 10 November 2017.
- On the 18 January 2019 and further on the 21 January 2019 an update was provided on the Silica Sand Term Sheet for operating a DSO Export Venture.

No other events have arisen since 31 December 2018 which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

DIRECTORS' DECLARATION

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

1. the financial statements and notes as set on pages 7 to 13, 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 2018 and of their performance for the half-year ended on that date;
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Robert Nash
Chairman

Perth, 8 March 2019

INDEPENDENT AUDITOR'S REPORT

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Bauxite Resources Limited (the company and its controlled entities) (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, the condensed consolidated 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.

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 the Group is not in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group 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 Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports 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:

- a. giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

INDEPENDENT AUDITOR'S REPORT CONT.

Auditor's Responsibility (continued)

As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

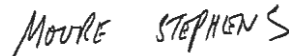
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards 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*.



SL Tan
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 8th March 2019