BAUXITE RESOURCES LIMITED

ANNUAL REPORT **2019**

Front Cover: ASQ-GWW1- The companies first commercial Silica sand product stockpiled and ready for sale

This page: ASQ tenements are strategically located near ports with surplus capacity. Esperance Port (pictured) is one of the deepest in South Western Australia and capable of hosting Cape Class vessels. It also has spare capacity for future silica sales.

Corporate Information

ABN 72 119 699 982

DIRECTORS
Robert Nash – Non-Executive Chairman
Luke Atkins – Non-Executive Director
Neil Lithgow – Non-Executive Director
Zhaozhong Wang – Non-Executive Director

CHIEF EXECUTIVE OFFICER & COMPANY SECRETARY
Sam Middlemas

CHIEF FINANCIAL OFFICER
Patrick Soh

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STOCK EXCHANGE LISTING
ASX Code: BAU

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Chairman's Letter to Shareholders 2019

Dear Shareholders,

2019 FINANCIAL YEAR IN REVIEW

During the financial year ending 30 June 2019, the Company's focus was on:

(a) continuing to develop its silica sand projects through its wholly owned subsidiary, Australian Silica Quartz Pty Ltd (**ASQ**), that were commenced in the prior financial year; and
(b) continuing to explore and maintain what we consider to be the valuable bauxite assets held in the joint venture with our long standing and loyal Chinese joint venture partner, HD Mining.

In relation to the silica sand and quartz projects, the principal activities for the year included:

(a) The signing of a term sheet with Urban Resources Pty Ltd (**Urban**) to jointly exploit Urban's silica sand deposit in Bullsbrook, WA (**Bullsbrook Business Venture**), which we expect will provide the Company with an expedited path towards becoming a silica sands producer. Under the term sheet, Urban will undertake the site operations and the Company, through ASQ, will fund an upgrade to the current plant on site, and run the marketing and sales operations for international sales of the product. The initial proposed capacity is 250,000 tonnes per annum.
(b) Work continued on ASQ's other silica sand projects near Gingin, Albany and Esperance with encouraging results that are consistent with historically reported grades. Priority targets have been identified and, subject to land access being granted, it is proposed that drilling and resource estimation will be commenced in the coming months.
(c) The continued silica sand product marketing with samples despatched to overseas potential customers and hosting overseas delegates on site visits.
(d) Research and development work continued in relation to the production of a higher value silica quartz product with encouraging results.

The board and senior management are optimistic that the Company's next significant achievement will be to secure an international buyer for the Bullsbrook Business Venture, which will be the trigger for ASQ proceeding with the planned upgrade of Urban's plant in Bullsbrook.

More detailed information of the abovesaid project activities is set out in the Review of Operations contained this annual report.

The Company's operations are lean. Our rented premises in Subiaco are modest with every square metre of space being utilised. Every one of our staff perform an essential function. We aim to continue to operate in that manner for so long as we can continue to progress our current developments and projects using our existing administrative resources and set up.

I thank our CEO, Sam Middlemas, for his work during the year in keeping the focus on the Company's operational activities and for keeping our operations lean and efficient. I also thank our small team of committed staff and my dedicated fellow board members for their support and hard work during the year.

Finally, I thank you, the shareholders, for your continued support of the Company. We remain focused developing our projects and building a business that will generate long term shareholder value and returns.

Yours sincerely

Robert Nash
Chairman

Review of Operations

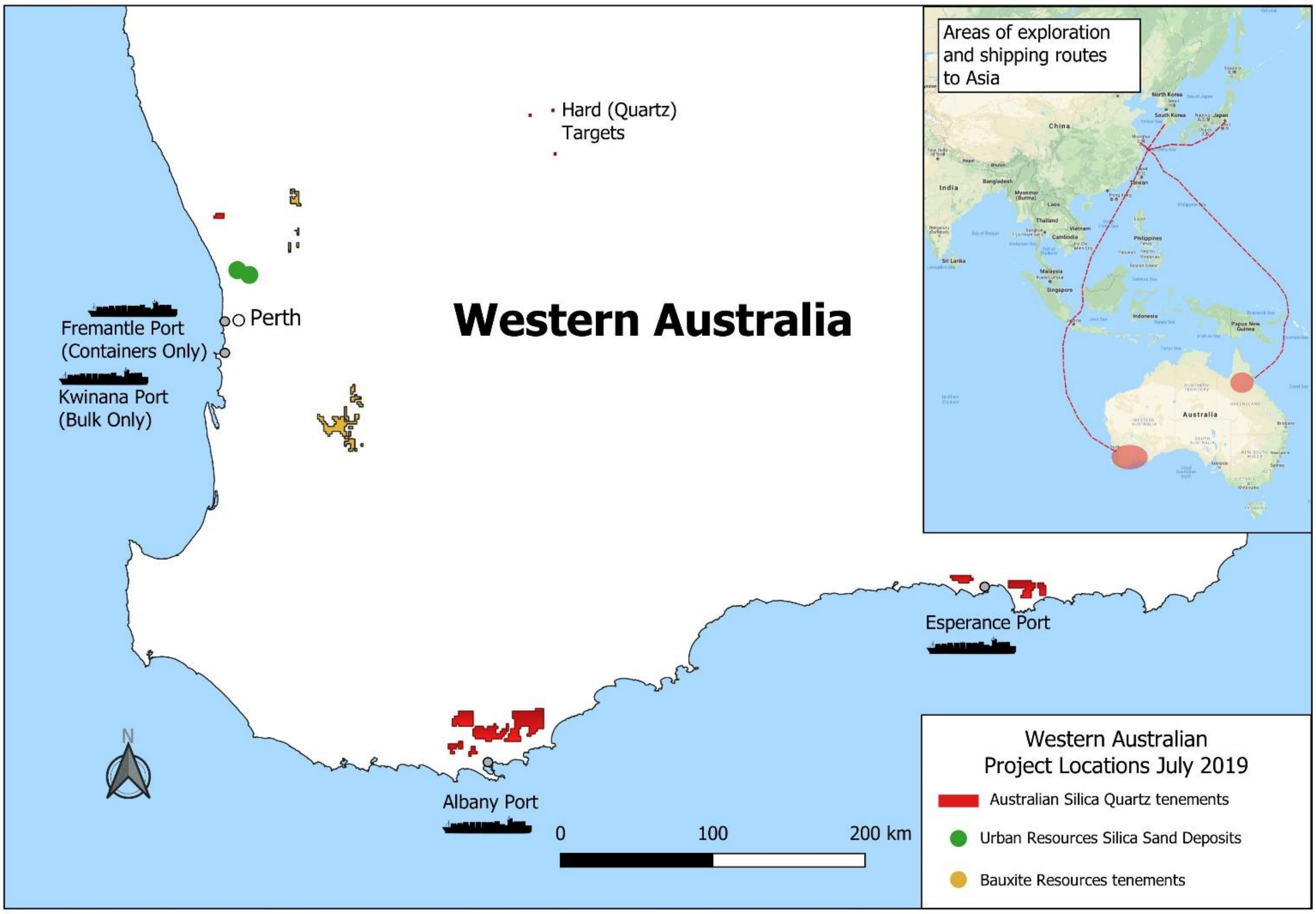
SILICA

High grade silica (99.5-99.9% SiO_2) and high purity silica (>99.95% SiO_2) currently have a wide range of uses and applications. All indications suggest the high grade and high purity silica market is currently growing strongly due to greater demand from the PV Solar, TFT glass, Electronics, Flat Glass and Speciality Glass industries. This is reinforced by the level of enquiries received from qualified end user customers primarily from China and South East Asia.

The Company has established a range of silica sand and hardrock projects held via exploration licence applications 100% by BRL's subsidiary Australian Silica Quartz Pty Ltd (ASQ). These projects now consist of 12 granted exploration licences and 8 applications covering approximately 1,500km^2 within Western Australia and Queensland. During the financial year, the Company expanded its portfolio of quality silica tenements with six new exploration licence applications near the port of Albany and two close to the port of Esperance, all prospective for high grade silica sand.

In addition to its own silica exploration projects BRL has formed a partnership with an existing local sand producer. In January this year the Company executed a binding terms sheet with Urban Resources Pty Ltd to jointly exploit Urban's Silica Sand deposit located in Bullsbrook, Western Australia. Urban has operated the mine for the last five years and produced over 1Mt from the deposit in the last financial year.

Figure 1: BRL Group Project Locations



Silica Sand Projects

Urban Resources/BRL Business Venture

ASQ Gingin Silica Sand Project with sand washing plant in operation.

A binding agreement has been executed with Urban Resources Pty Ltd to jointly exploit Urban's Silica Sand deposit located on M70/326 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 is currently being finalised.

Under the terms of the agreement, Urban will run the mine operations utilising its current staff and equipment together with the additional equipment to be acquired by ASQ, with each party providing its services at its cost on an open book basis 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 the installation of an upgrade to the current plant, the mine is expected to produce a high quality sand product with 99.93% silica and iron levels less than 60ppm.

Negotiations between Urban and the holder of M70/326 are under way to extend Urbans exclusive access agreement for a further 5 years to 2027. Mining lease M70/326 is held by Stefanelli Developments Pty Ltd. An agreement between Urban and Stefanelli grants Urban the exclusive right to conduct mining on M70/326 subject to an owner royalty up to 30 June 2022.

In April 2019 BRL completed a JORC 2012 Inferred Mineral Resource on the raw sand at Urban's Maralla Road tenement M70/326 (refer full detail in the 7 May 2019 announcement Update on Maralla Road Silica Sand Deposit Maiden Resource).

Table 1 – Urban's Maralla Rd March 2019 Inferred Mineral Resource Estimate

Tonnage Mt	SiO_2 %	Fe_2O_3 %	Al_2O_3 %	CaO %	MgO ppm	K_2O %	TiO_2 %	LOI %
10.7	99.8	0.02	0.01	0.003	24.1	0.003	0.05	0.07

This mineral resource estimate confirms that there is sufficient silica sand of adequate quality at the deposit to support an export operation as contemplated.

M70/1329 test pit program

Urban and BRL completed a series of 15 test pits to a maximum depth of 4 m to investigate the potential for high grade silica sand deposits at Urban's fully permitted mining lease M70/1329 located north of Perth approximately 10 km northwest of the M70/326 Maralla Road sand deposit. White silica sand was observed in 5 of the test pits confirming the presence of white silica sand on Urban's M70/1329.

M70/326 operating washing plant producing commercial high grade product (product code: ASQ-GWW1).

The existing Urban Resources washing plant has been recommissioned and is now producing a washed sand product that BRL will market until such time as the plant is upgraded. The sand product from the Urban Resources wash plant is expected to produce an average grade of 99.95% SiO_2 and 84ppm Fe resulting in a high level in interest from potential customers.

Urban Resources, on behalf of ASQ, have engaged process engineers to complete the engineering for the required plant upgrade on an EPCM basis. The preliminary design has been completed. The detailed design drawings and final equipment selection will commence once the extension of the agreement giving Urban exclusive access to M70/326 for a further 5 years to 2027 has been finalised. It is expected that the plant upgrade will include upstream classifying, spiral circuit, dewatering screen and stockpiling.

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.

M70/326 stockpiles of high grade sand have been visited several times during this reporting period by international parties interested in purchasing this stockpiled product (called ASQ-GWW1).

Figure 2 – Expected Timetable for the development of the M70/326 Maralla Road Silica sand Export Project

	2019 Q3	2019 Q4	2020 H1
ASQ secures offtake partner(s) and letter(s) of Credit			
Finalisation of shipping and logistics			
Detailed engineering design for plant upgrade			
Plant upgrade procurement and fabrication			
Plant upgrade commissioning			
Finalisation of Formal agreement between ASQ and Urban			
Mining, processing and stockpiling commences			
First shipment departs Western Australia			

Gingin, Albany and Esperance Silica Sand Projects

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 three granted exploration licence and six exploration application licences within 10-85km of the Port of Albany and the Esperance Silica Sand Project consists of two granted exploration licences and a single application exploration licence all within 15-60km of the Port of Esperance. Roadside grab samples from the three 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% SiO_2 (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. Multiple phases of desktop and field assessments have been completed and the current exploration focus is to determine the priority targets where land access will be sought to allow drilling and resource estimation to be completed.

Sales Marketing

Through the company's marketing activities ASQ has received more than 50 qualified expressions of interest relating to the company's silica sand and projects to date. Product specification sheets have been distributed to potential customers where applicable and silica sand samples have been delivered to potential domestic and international customers. In excess of 25 groups are currently actively liaising with ASQ on the silica products available now and those products ASQ expects to have available in the future. Ongoing negotiations are continuing with a view to securing offtake for the company's washed sand product or presales of the company's processed high grade silica sand product. Major multinational companies with an interest in securing offtake have visited ASQ's projects in Albany and Gingin, WA. Currently the company is marketing two silica sand products to potential customers. It is planned that the company's product range will increase as additional processing capability is added.

Bulk sample testwork is undertaken to allow us to better customise our products for specific markets

Hardrock Silica Quartz Projects – Western Australia and Queensland

The company has three exploration licences in the South West of Western Australia and three in Far North Queensland covering known quartz deposits with the potential to contain high purity silica.

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

ASQ Hard rock quartz testing in the laboratory

BAUXITE

In 2010 the Company entered into a joint venture 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) 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
b) 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.

Bauxite exploration activity by the company and joint venture partner on bauxite projects was limited by fiscal restraints within the Shandong Bureau. Several tenements have been granted Retention Status allowing the company to focus the limited joint venture funds on the assessment for development of the Dionysus Bauxite Resource. Additional work focussed on strategic planning and target generation within the JV land holdings to ensure a pipeline of quality bauxite projects is maintained.

BRL and its joint venture partner's total bauxite resources stand at 94.7Mt as at 30 June 2019 (refer to Mineral Resources Table 1 for resources details). BRL considers the current resources have potential for growth and provide opportunities for domestic and export exploitation.

Key resources, located in the eastern and northern Darling Range, display low reactive silica and high available alumina to reactive silica ratios, making them attractive for refining. The majority of alumina present is the trihydrate mineral gibbsite, which enables cost effective, low temperature extraction.

BRL bauxite resources are predominantly located on large private land holdings (typically cleared farmland), in proximity to road and rail infrastructure. Bauxite is shallow, typically with less than 2m of loose overburden, requiring limited pre-stripping, attributes that indicate potential to support long life, low cost bauxite operations.

Athena, Ceres and Dionysus bauxite resources, as described below, are key projects that form part of the joint venture with HD Mining & Investments Pty Ltd (HD Mining). The current joint venture with HD Mining is a Farm-in Agreement that requires HD Mining to fund 100% of all exploration and feasibility costs to earn 60% of the bauxite rights upon a decision to mine.

Dionysus (HD Mining/BRL JV)

Dionysus is located on one private landholding, approximately 100km north east of Perth, and situated in proximity to existing rail infrastructure providing a link to Kwinana Port. In 2015 the Company completed close spaced drilling confirming continuity of grade and bauxite thickness and commenced the collection of baseline environmental data, with the establishment of a small number of water level monitoring bores. BRL completed reconnaissance exploration drilling on extensional areas of the Dionysus bauxite resource in early 2017. Results were encouraging and infill drilling of selected areas has been recommended and is planned to be undertaken in 2019.

Exploration Drilling

Recent improvements in the bauxite market have renewed interest in the Dionysus project as it is seen as the priority resource within the joint venture. The Company plans to undertake more detailed assessment of the potential for developing this resource over the next twelve months.

Athena & Ceres (HD Mining/BRL JV)

Athena and Ceres consist of deposits located on a number of private land holdings on exploration licences E70/3179, E70/3180 and E70/3890, between the townships of Wandering, Williams and Pingelly, approximately 120km southeast of Perth.

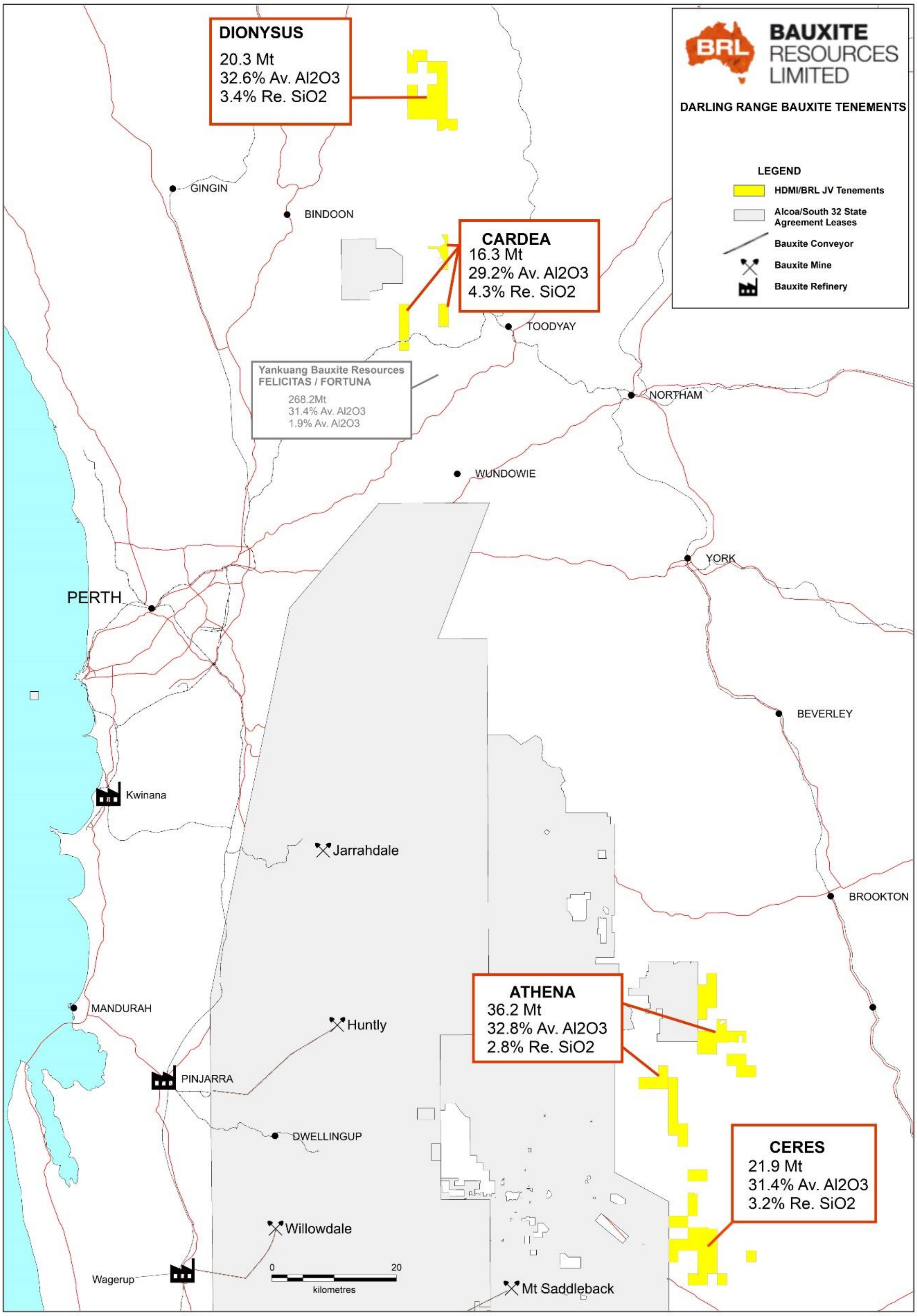
The Athena resource was upgraded in July 2014 following a phase of growth drilling taking the resource to 36.2Mt (see ASX announcement 15/07/14).

The 21.9Mt Inferred Ceres resource was updated in March 2018 (refer full detail in the 23 April 2018 Announcement – *48% increase in Bauxite Resource at Ceres Deposit in Darling Range, WA*) following drilling completed in 2017.

Both the Ceres and Athena resources are shallow and display typical bauxite thickness of 1 - 3m and up to 13m. The project area is yet to be constrained by drilling and as such potential remains to further grow these resources subject to additional land access. Athena and Ceres make up a combined resource total in the eastern Darling Range in excess of 50Mt.

E70/3179 and E70/3890 have Retention Status.

Figure 3: BRL Darling Range tenement holding and resource locations



Mineral Resources and Ore Reserves

The Company has completed an update to its Mineral Resources and Ore Reserves Statement for the twelve months ending June 30, 2019. The Company's total Bauxite Mineral Resources are estimated at 94.7Mt at an average available alumina grade of 31.8%. There has been no increase in total resources from those reported in 2018. The Mineral Resource Statement as at 30 June, 2019 is provided in table 1.

JORC Code 2012 and ASX Listing Rules Requirements

This annual statement has been prepared in accordance with the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2012).

Information prepared and first disclosed under the JORC 2004 Edition, and not related to a material mining project, and which has not materially changed since last reported has not been updated.

There have been no material changes to material projects for the purposes of ASX Listing Rules 5.8 and 5.9 and as such Material Information Summaries or JORC Code 2012 Assessment and Reporting Criteria are not provided with this statement.

The Company advises that this material contains summaries of Exploration Results and Mineral Resources as defined in the JORC Code 2012. JORC compliant Public Reports released to the ASX declaring the exploration results or JORC resources referred to can be viewed on both the ASX and the Company websites, free of charge.

Governance

The annual audit of resources and reserves is carried out internally by the Company. BRL ensures that the Mineral Resources and Ore Reserves reviews are subject to appropriate internal controls, and in line with the Company's Mineral Resources and Ore Reserves Policy. The estimation procedures are well established and prepared by competent and qualified professionals. All resources are based on well-founded assumptions, and compliant with Joint Ore Reserves Committee (JORC) guidelines.

Competent Persons Statement

The information in this report that relates to exploration results, and to the Mineral Resources Statement 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. 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.

The information in this report that relates to specific Mineral Resources is based on and accurately reflects reports prepared or reviewed by the Competent Persons named in Table 1. Mr Senini was an employee of the Company at the time of resource estimation and remains competent person. Mr Searle is a director of Ashmore Advisory Pty Ltd and remains competent person. Mr Senini and Mr Searle are members of the Australian Institute of Geoscientists, and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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'. Each Competent Person consents to the inclusion of material in the form and context in which it appears.

Forward Looking Statements

This report may include forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, or other similar words and may include, without limitation, statements regarding plans, strategies, and objectives of management. Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the company’s actual results, performance and achievements to differ materially from anticipated results, performance or achievements. Forward looking statements are based on the Company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company’s business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company’s control. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

		Resources as at June 30 2019							Resources as at June 30 2018				
Deposit	**Resource Category**	**Size Mt**	**Al_2O_3 (total) %**	**Al_2O_3 (available) %**	**SiO_2 (total) %**	**SiO_2 (reactive) %**	**JORC details**	**Competent Person**	**Size Mt**	**Al_2O_3 (total) %**	**Al_2O_3 (available) %**	**SiO_2 (total) %**	**SiO_2 (reactive) %**
Athena	Inferred	36.2	41.8	32.8	18.1	2.8	2012	1	36.2	41.8	32.8	18.1	2.8
Dionysus	Inferred	20.3	42.1	32.6	12.0	3.4	2012	1	20.3	42.1	32.6	12.0	3.4
Cardea (1&2)	Inferred	6.4	41.8	29.3	15.7	4.3	2004	2	6.4	41.8	29.3	15.7	4.3
Cardea 3 (HDM)	Indicated	1.5	42.8	30.0	16.8	4.0	2012	1	1.5	42.8	30.0	16.8	4.0
	Inferred	8.4	40.3	28.9	17.0	4.4			8.4	40.3	28.9	17.0	4.4
Ceres	Inferred	21.9	41.2	31.4	20.4	3.2	2018	1	21.9	41.2	31.4	20.4	3.2
HDM sub-total		**94.7**	**41.6**	**31.8**	**17.0**	**3.3**			**94.7**	**41.7**	**31.8**	**17.0**	**3.3**
Total	**Measured**												
	Indicated	**1.5**	**42.8**	**30.0**	**16.8**	**4.0**			**1.5**	**42.8**	**30.0**	**16.8**	**4.0**
	Inferred	**93.2**	**41.6**	**31.8**	**17.0**	**3.3**			**93.2**	**41.6**	**31.8**	**17.0**	**3.3**
Total Bauxite Resources		**94.7**	**41.6**	**31.8**	**17.0**	**3.3**			**94.7**	**41.6**	**31.8**	**17.0**	**3.3**

Table 1: Mineral Resource Statement as at 30 June, 2019

Note: The Competent Persons are as follows.
(1) Shaun Searle
(2) Peter Senini

Annual Financial Report

For the year ended 30 June 2019

Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Bauxite Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2019.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

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

Mr Nash is a lawyer by profession and currently practises as a barrister. He is presently retired from the position of Head of WA Navy Reserve Legal Panel. He has served as a council member of the Law Society of Western Australia for 9 years, a Convenor of the Law Society Education Committee and as a member of the Ethics and Professional Conduct Committees.

Mr Nash joined the board before the Company listed in 2008. He 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 and property development.

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

Mr Lithgow is a geologist by profession with over 25 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 Manager 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.

Mr Wang has appointed Pengfei Zhao B.SC.Grad Cert Mineral Economic as his alternate director with effect from 1 April 2019.

Directors' Report cont.

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 Ardea Resources Limited.

Interests in the shares, options and performance rights of the Company and related bodies corporate

As at the date of this report, the interests of the directors and their related bodies corporate in the shares, options and performance rights of Bauxite Resources Limited were:

	Performance Rights	Ordinary Shares
Robert Nash	1,333,334	330,000
Luke Atkins	2,666,668	22,639,574
Neil Lithgow	1,333,334	20,366,666
Zhaozhong Wang [1]	1,333,334	19,700,000

Note 1: Mr Wang is the corporate representatives of HD Mining and Investment Pty Ltd, who is the holder of shares in the Company. His alternate Mr Zhao holds no shares or performance rights.

OPERATING AND FINANCIAL REVIEW

OPERATING REVIEW

The Company's main activities during the year focussed the Silica Sands projects where its wholly owned subsidiary Australian Silica Quartz Pty Ltd has pegged a number of tenements around Gingin, Albany and Esperance. Preliminary exploration work has commenced on all tenements, and a binding term sheet has been executed with an existing sand producer, Urban Resources Pty Ltd to jointly exploit Urban's silica sand deposit located in Bullsbrook, Western Australia.

Bauxite exploration continued through the Bauxite managed HD Mining Joint Venture ("HDMI") where Bauxite resources at 30 June 2019 stood at 94.7 million tonnes (see table 1 for resource details), and the Silica Sands Project through its wholly owned subsidiary Australian Silica Quartz Pty Ltd.

There were no significant changes in the nature of the Group's activities during the year.

FINANCIAL REVIEW

The Group has recorded a loss for the period after income tax for the year ended 30 June 2019 of $1,301,942 (2018: $1,450,706 loss).

Included in the operating loss was expenditure on exploration totalling $503,668 compared to $417,810 in the year ended 30 June 2018. The group does not capitalise exploration expenditure, but writes off the full amount of expenditure incurred each year. Employment Benefits expense was $287,391 (2018: $247,300).

The Group earned $113,921 in interest revenue in the year compared to $280,462 in 2018, that is largely reflective of the company's lower cash balance and decline in interest rates over the course of the past two financial years. The average rate earned on investments during the year was 2.57%, compared to an average rate of 2.42% in 2018. The Group's cash balances reduced by $812,210 over the course of the year.

The Group ended the financial year with cash reserves of $4,116,996 (2018: $4,929,206).

The Cash Flow Statement on page 29 of this Annual Financial Report sets out details of the use of these cash funds and the Group's operating cash flows were able to deliver cost reductions throughout the year.

DIVIDENDS

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

Directors' Report cont.

SHAREHOLDER RETURNS

	2019	2018
Basic earnings per share (cents)	(0.61)	(0.68)
Diluted earnings per share (cents)	(0.61)	(0.68)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company's main focus continues with its work on the Silica Sand projects. It also continues to explore for additional bauxite resources within its existing tenements and more particularly through the HD Mining Joint Venture.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year.

RISK MANAGEMENT

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

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

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

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There has not been any matters or circumstance that have arisen since 30 June 2019 which significantly affected or could significantly affect the operations of the consolidated group in future financial years.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to environmental regulation in respect to its exploration activities. The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

Directors' Report cont.

REMUNERATION REPORT

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration

B Service agreements

C Details of remuneration

D Share-based compensation

E Equity instrument disclosures relating to key management personnel

F Performance based remuneration

G Loans to key management personnel

H Other transactions with key management personnel

I Additional information

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

A Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of the Company has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Company is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive a base salary, which is based on factors such as responsibilities and experience. The executives of the Company outside the directors are also eligible to participate in the Company's Performance Rights Plan as approved by Shareholders in November 2017. The Board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

The Australian based executive directors and executives receive a superannuation guarantee contribution required by the government, which was 9.5% in 2018/2019, and do not receive any other retirement benefits. Board members were awarded Performance Rights that were approved by shareholders at the 2018 AGM.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options or rights are valued using the Black Scholes or binomial option pricing methodology.

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $600,000). Fees for non-executive directors were $20,000 per annum with additional fees payable for membership of other board related committees. The fees are not linked to the performance of the Group, however, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company. Directors were also issued Performance Rights following approval at the 2018 Annual General Meeting.

Directors' Report cont.

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

Historically, a number of performance rights have been granted to key management personnel and are linked to the company performance through market based performance conditions. There were 4.5 million performance rights issued to employees and consultants during the financial year. Details on the proportion of remuneration is detailed in Part F of the remuneration report.

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

	2019	2018
	$	$
Revenue	538,252	678,378
Net profit/(loss)	(1,301,942)	(1,450,706)
Earnings per share (cents)	(0.61)	(0.68)

B Service agreements

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

Contracted key management personnel are engaged on standard commercial terms.

Luke Atkins – Consultancy agreement.

- Term of agreement – Commenced 1 July 2016, subject to a 3 months' written notice period.
- Monthly retainer fee of $25,000 for providing business and projects counsel and advice to the Company as and when requested.

Sam Middlemas – Chief Executive Officer – Consultancy agreement.

- Term of agreement – Commenced 19 October 2015, subject to a 3 months' written notice period.
- Monthly minimum retainer fee of $14,400 for providing Chief Executive Officer Services
- Company has provided an interest free loan of $200,000 to reimburse the purchase of shares in Bauxite Resources Limited to be repaid earlier of 19 October 2020, or sale of shares, or within 3 months of Consultancy agreement being terminated.

Contracted key management personnel are engaged on standard commercial terms.

C Details of remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and specified executives of Bauxite Resources Limited and the Bauxite Resources Group are set out in the following table.

The key management personnel of Bauxite Resources Limited and the Group include the directors and company secretary as per page 14 &15 above.

The Chief Executive Officer has full authority and responsibility for planning, directing and controlling the activities of the Group. The Exploration Manager has authority and responsibility for planning, directing and controlling the exploration activities of the Group. The Chief Financial Officer has responsibility for planning directing and controlling the financial affairs of the Group, as directed by the Board. Given the size and nature of operations of Bauxite Resources Limited and the Group, there are no other employees who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

Directors' Report cont.

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

	Short-Term			Post-employment benefits	Share-based Payments	Total	Percentage of remuneration consisting of performance rights
	Salary & Fees	Subsidiary Board and committee fees	Consultancy Fees		Performance Rights		
	$	$	$	$	$	$	%
2019							
Non-Executive Directors							
Robert Nash	50,000	20,000	-	6,650	45,367	122,017	37%
Luke Atkins [1]	20,000	20,000	300,000	3,800	90,732	434,532	21%
Neil Lithgow	20,000	20,000	-	3,800	45,367	89,167	51%
Zhaozhong Wang [4]	20,000	-	-	-	45,367	65,367	69%
Key Management Personnel							
Sam Middlemas [2]	-	-	175,600	-	34,074	209,674	16%
Nick Algie	146,957	-	-	13,961	34,074	194,992	17%
Patrick Soh [3]	-	-	38,124	-	8,518	46,642	18%
Total Remuneration	256,957	60,000	513,724	28,211	303,499	1,162,391	-
2018							
Non-Executive Directors							
Robert Nash	50,000	20,000	-	6,650	18,365	95,015	19%
Luke Atkins [1]	20,000	20,000	287,500	3,800	36,730	368,030	10%
Neil Lithgow	20,000	20,000	-	3,800	18,365	62,165	30%
Zhaozhong Wang	20,000	-	-	-	18,365	38,365	48%
Key Management Personnel							
Sam Middlemas [2]	-	-	186,930	-	-	186,930	-
Nick Algie	242,500	-	-	23,038	-	265,538	-
Patrick Soh [3]	-	-	23,125	-	-	23,125	-
Total Remuneration	274,000	60,000	497,555	37,288	91,825	1,039,168	-

Notes:

(1) Mr Atkins receives consulting fees through his entity Executive Resource Personnel Pty Ltd.
(2) Mr Middlemas receives consulting fees through his entity Sparkling Resources Pty Ltd.
(3) Mr Soh receives consulting fees through his entity Soh & Associates Pty Ltd.
(4) Mr Wang's alternate director Mr Zhao received no compensation from the Company during the financial period.

D Share-based compensation

Options or performance rights may be issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to certain directors (determined by the Board) and executives of Bauxite Resources Limited to increase goal congruence between executives, directors and shareholders. Performance rights are issued with specific performance criteria required to be achieved. The Company does not have a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities, but the Board actively discourages key personnel management from obtaining mortgages in securities held in the Company.

The following performance rights were granted to or vested with key management personnel during the past 3 years (Please see section E(iii) regarding vesting or expiry of rights):

	Grant Date	Granted Number	Vested Number as at 30 June 2019	Date vesting or vested and exercisable	Expiry Date	Exercise Price (cents)	Value per performance rights	Exercised Number
2019								
Performance Rights [1]								
Tranche 1	23/11/2018	4,833,329	Nil	10 May 2019	10 May 2019	Nil	2.3c	Nil
Tranche 2	23/11/2018	4,833,335	Nil	10 Nov 2019	10 Nov 2019	Nil	0.9c	Nil
Tranche 3	23/11/2018	4,833,336	Nil	10 Nov 2020	10 Nov 2020	Nil	0.1c	Nil

Directors’ Report cont.

	Grant Date	Granted Number	Vested Number as at 30 June 2019	Date vesting or vested and exercisable	Expiry Date	Exercise Price (cents)	Value per performance rights	Exercised Number
2018								
Performance Rights [2]								
Tranche 1	10/11/2017	3,333,331	Nil	10 May 2019	10 May 2019	Nil	4.2c	Nil
Tranche 2	10/11/2017	3,333,334	Nil	10 Nov 2019	10 Nov 2019	Nil	2.54c	Nil
Tranche 3	10/11/2017	3,333,335	Nil	10 Nov 2020	10 Nov 2020	Nil	0.9c	Nil

Notes:

(1) The original performance rights issued to Directors in the prior financial year were amended at the AGM on the 23 November 2018 to account for the capital return such that with the Performance Hurdles for each of the tranches being the 10 day VWAP of the Company’s Shares on the Expiry Date exceeding 7.6 cents per share for Tranche 1, 9.7 cents per share for Tranche 2, and 11.8 cents per share for Tranche 3. There were an additional 4,500,000 Performance Rights issued to Executives during the financial year on the same revised terms as the Directors’ Performance Rights. The Performance Rights terms also changed following each Performance Right would convert into 1.806 fully paid ordinary shares.

(2) The Performance Rights were issued in 3 equal tranches with the Performance Hurdles for each of the tranches being the 10 day VWAP of the Company’s Shares on the Expiry Date exceeding 12.6 cents per share for Tranche 1, 14.7 cents per share for Tranche 2, and 16.8 cents per share for Tranche 3. All other terms of the Performance rights were standard terms. These have been replaced by the Performance Rights issued in 2019. The difference between the total fair value of the rights immediately before and after the alteration was an increase of $91,495.

E Equity instrument disclosures relating to key management personnel

(i) Option holdings

There were no options over ordinary shares in the Company held during the financial year by each director of Bauxite Resources Limited and other key management personnel of the Group (2018: Nil), including their personally related parties.

No Directors or key management personnel hold options in the Company.

(ii) Shareholdings

The numbers of shares in the Company held during the financial year by each director of Bauxite Resources Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Ordinary shares	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
2019				
Directors of Bauxite Resources Limited				
Robert Nash	330,000	-	-	330,000
Luke Atkins	22,539,574	-	100,000	22,639,574
Neil Lithgow	20,366,666	-	-	20,366,666
Other key management personnel of the Company				
Sam Middlemas	7,706,302	-	1,509,616	9,215,918
Nick Algie	209,520	-	-	209,520
2018				
Directors of Bauxite Resources Limited				
Robert Nash	330,000	-	-	330,000
Luke Atkins	20,215,767	-	2,323,807	22,539,574
Neil Lithgow	19,366,666	-	1,000,000	20,366,666
Other key management personnel of the Company				
Sam Middlemas	5,700,000	-	2,006,302	7,706,302
Nick Algie	209,520	-	-	209,520

No other Directors or key management personnel have shareholdings in the Company.

Directors' Report cont.

F Performance Right holdings

The number of performance rights in the Company held during the financial year by each director of Bauxite Resources Limited and other key management personnel of the Group, including their personally related parties, are set out below:

	Balance at start of the year	Granted as compensation	Lapsed during the year	Balance at end of the year	Vested and exercisable	Unvested
2019						
Directors of Bauxite Resources Limited						
Robert Nash	2,000,000	-	666,666	1,333,334	-	1,333,334
Luke Atkins	4,000,000	-	1,333,332	2,666,668	-	2,666,668
Neil Lithgow	2,000,000	-	666,666	1,333,334	-	1,333,334
Zhaozhong Wang	2,000,000	-	666,666	1,333,334	-	1,333,334
Other key management personnel of the Company						
Sam Middlemas	-	2,000,000	666,666	1,333,334	-	1,333,334
Nick Algie	-	2,000,000	666,666	1,333,334	-	1,333,334
Patrick Soh	-	500,000	166,666	333,334	-	333,334
2018						
Directors of Bauxite Resources Limited						
Robert Nash	-	2,000,000	-	2,000,000	-	2,000,000
Luke Atkins	-	4,000,000	-	4,000,000	-	4,000,000
Neil Lithgow	-	2,000,000	-	2,000,000	-	2,000,000
Zhaozhong Wang	-	2,000,000	-	2,000,000	-	2,000,000
Other key management personnel of the Company						
Nick Algie	-	-	-	-	-	-

No other Directors or key management personnel have performance rights in the Company.

G Loans to key management personnel

The Company provided an interest free loan of $200,000 to the Chief Executive Officer, Sam Middlemas to reimburse the purchase of shares in Bauxite Resources Limited to be repaid earlier of 19 October 2020, or sale of shares, or within 3 months of Consultancy agreement being terminated. The amount of interest that would have been charged on an arm's-length basis is approximately $5,000 for the 30 June 2019 financial year.

H Other transactions with key management personnel

Luke Atkins provided business and projects advice to Bauxite Resources Limited during the year under an agreement and was paid a fee of $300,000 (2018: $287,500). This amount paid was on arm's-length commercial terms and is included as part of the compensation.

The office premises that the Company rents for its registered office and principal place of business is owned by Non-Executive Director, Luke Atkin's Mother. During the year the Company paid $48,995 (2018: $48,995) rent and outgoings on normal commercial terms and conditions.

Directors' Report cont.

I Additional information

DIRECTORS' MEETINGS

During the year the Company held 6 meetings of directors. The attendance of directors at meetings of the Board were:

	Directors meetings		Committee meetings					
			Audit		Remuneration		Nomination	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Robert Nash	6	6	2	2	1	1	1	1
Luke Atkins	6	6	2	2	1	1	1	1
Neil Lithgow	6	6	2	2	1	1	1	1
Zhaozhong Wang [1]	6	1	N/A	N/A	N/A	N/A	N/A	N/A

Note: (1) Mr Wang's alternate director Mr Zhao attended 1 meeting during the period he was an alternate director.

SHARES UNDER OPTION

There were no options on issue at the end of the financial year and there were no new options issued, or cancelled during the year.

As at 30 June 2019 there were the 11,000,005 (2018 – 10,000,000) performance rights on issue. During the year there were 6,500,000 new performance rights issued to employees and consultants, and on 10 May 2019, 5,499,995 performance rights lapsed after failing to meet the performance hurdles. Subsequent to year end there have been a further 1,066,666 performance rights granted to employees on the same terms and conditions as the other performance rights on issue.

INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the Company has paid premiums insuring all the directors of Bauxite Resources Limited against costs incurred in defending proceedings for conduct other than:

(a) a wilful breach of duty; or
(b) a contravention of sections 182 or 183 of the Corporations Act 2001,

as permitted by section 199B of the Corporations Act 2001. The total amount of insurance contract premiums paid is $21,516 (2018: $19,116).

NON AUDIT SERVICES

The following non audit services were provided by the entity's auditor, Moore Stephens or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;

None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Moore Stephens received or are due to receive the following amounts for the provision of non-audit services:

	2019	2018
	$	$
Taxation services	7,850	4,900

Directors' Report cont.

CORPORATE GOVERNANCE

In accordance with ASX Listing Rule 4.10.3 the Company has elected to publish its corporate governance statement on its website. The corporate governance statement can be found at www.bauxiteresources.com.au/corporate-governance.

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 25.

Signed in accordance with a resolution of the directors.

Robert Nash

Chairman

Perth, 26 September 2019

Directors' Report cont.

Table 1 BRL and Partner Bauxite Resources

Deposit & Classification	Size	Al_2O_3 (total)	Al_2O_3 (available)	SiO_2 (total)	SiO_2 (reactive)	JORC details	Competent Person
	Mt	%	%	%	%		
Athena							
Inferred	36.2	41.8	32.8	18.1	2.8	JORC2012	1
Dionysus							
Inferred	20.3	42.1	32.6	12.0	3.4	JORC2012	1
Cardea 1 & 2							
Inferred	6.4	41.8	29.3	15.7	4.3	JORC2004	2
Cardea 3 (HDM)							
Indicated	1.5	42.8	30.0	16.8	4.0	JORC2012	1
Inferred	8.4	40.3	28.9	17.0	4.4	JORC2012	1
Ceres							
Inferred	14.8	41.5	31.7	19.5	3.0	JORC2004	1
HDM sub-total	87.8	41.6	31.9	16.6	3.3		
Total Indicated	1.5	42.8	30.0	16.8	4.0		
Total Inferred							

Note: The Competent Persons are as follows.
(1) Graham de la Mare
(2) Peter Senini

COMPETENT PERSON STATEMENT

The information in this report that relates to specific Mineral Resources is based on and accurately reflects reports prepared by the Competent Persons named in Table 1. Mr Senini was an employee of the Company at the time of resource estimation and remains competent person. Mr de la Mare was employed by RungePincockMinarco. All the Competent Persons named are members of the Australian Institute of Geoscientists, and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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'.

The information in this report that relates to exploration results, and to the Mineral Resources Statement 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 2019 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.

The Company advises that this Report contains summaries of Mineral Resources as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code"). The JORC compliant Public Reports released to the ASX declaring the exploration results or JORC resources referred to can be viewed on both the ASX and the Company websites, free of charge.

Information prepared and first disclosed under the JORC 2004 Edition, and not related to a material mining project, and which has not materially changed since last reported has not been updated.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimate in the relevant market announcement continue to apply.

Auditor's Independence Declaration

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019, there have been:

a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

	Moore Stephens
SL TAN PARTNER	MOORE STEPHENS CHARTERED ACCOUNTANTS

Signed at Perth this 26th day of September 2019.

Statement of Profit or Loss and Other Comprehensive Income

Year Ended 30 June 2019

	Notes	Consolidated Group	
		2019 $	2018 $
Recoupment of exploration costs	4	169,293	250,259
Other income	4	255,038	147,665
Interest income	4	113,921	280,462
Employee benefits expense		(287,391)	(247,300)
Exploration expenses as incurred		(503,668)	(417,810)
Consultants fees		(444,516)	(514,062)
Expenses related to the Mercantile Takeover		-	(170,075)
Administration expenses		(260,234)	(232,571)
Depreciation and amortisation expense		(7,345)	(25,125)
Impairment of property, plant & equipment		-	(430,642)
Gain/(loss) on disposal of fixed assets		(292)	318
Share-based payments expense	26	(336,748)	(91,825)
Profit / (loss) before income tax	5	(1,301,942)	(1,450,706)
Income tax expense	6	-	-
Profit / (loss) for the period		(1,301,942)	(1,450,706)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss) for the period		(1,301,942)	(1,450,706)
Loss for the period is attributable to:			
Owners of Bauxite Resources Limited		(1,301,942)	(1,450,706)
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)		(0.61)	(0.68)
Diluted earnings per share (cents)		(0.61)	(0.68)
From continuing operations:			
Basic earnings per share (cents)		(0.61)	(0.68)
Diluted earnings per share (cents)		(0.61)	(0.68)

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

Statement of Financial Position

At 30 June 2019

	Notes	Consolidated Group	
		2019 $	2018 $
CURRENT ASSETS			
Cash and cash equivalents	7	4,116,996	4,929,206
Trade and other receivables	8	89,781	198,726
TOTAL CURRENT ASSETS		4,206,777	5,127,932
NON CURRENT ASSETS			
Other financial assets	9	200,000	200,000
Property, plant and equipment	10	1,926,591	1,925,587
TOTAL NON CURRENT ASSETS		2,126,591	2,125,587
TOTAL ASSETS		6,333,368	7,253,519
CURRENT LIABILITIES			
Trade and other payables	11a	94,472	77,768
Provisions	11b	36,438	8,099
TOTAL CURRENT LIABILITIES		130,910	85,867
TOTAL LIABILITIES		130,910	85,867
NET ASSETS		6,202,458	7,167,652
EQUITY			
Contributed equity	12	55,914,469	55,914,469
Reserves	13(a)	989,792	653,044
Retained earnings / (accumulated losses)	13(b)	(50,701,803)	(49,399,861)
TOTAL EQUITY		6,202,458	7,167,652

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

Statement of Changes in Equity

Year Ended 30 June 2019

Consolidated Group	Notes	Issued Ordinary Capital	Reserves	Accumulated Losses	Total
		$	$	$	$
Balance at 1 July 2017		66,641,060	561,219	(47,949,155)	19,253,124
Profit for the period		-	-	(1,450,706)	(1,450,706)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(1,450,706)	(1,450,706)
Return of capital		(10,721,117)			(10,721,117)
Performance rights issued during the period			91,825	-	91,825
Transaction costs associated with capital return		(5,474)	-	-	(5,474)
Balance at 30 June 2018		55,914,469	653,044	(49,399,861)	7,167,652
Loss for the period		-	-	(1,301,942)	(1,301,942)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	(1,301,942)	(1,301,942)
Performance rights issued during the period		-	336,748	-	336,748
Balance at 30 June 2019		55,914,469	989,792	(50,701,803)	6,202,458

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

Statement of Cash Flow

Year Ended 30 June 2019

	Notes	Consolidated Group	
		2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		525,467	379,232
Payments to suppliers and employees		(927,970)	(1,123,032)
Payments for exploration expenditure		(526,627)	(452,524)
Interest received		125,560	324,687
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	24	(803,570)	(871,637)
CASH FLOWS FROM INVESTING ACTIVITIES			
Recoup/(payment)of security deposit		-	-
Receipts from sales of property, plant & equipment		-	318
Payments for property, plant and equipment		(8,640)	(8,840)
NET CASH INFLOW/ (OUTFLOW) FROM INVESTING ACTIVITIES		(8,640)	(8,522)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for capital return		-	(10,721,117)
Payment of capital return costs		-	(5,474)
NET CASH INFLOW FROM FINANCING ACTIVITIES		-	(10,726,591)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(812,210)	(11,606,750)
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	7	4,116,996	4,929,206

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

Notes to the Financial Statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Bauxite Resources Limited and controlled entities ("Consolidated Group" or "Group"). The financial statements were authorized for issue on 26 September 2019 by the directors of the Company.

A Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and issued by the Accounting Standards Board ("AASB") Interpretations and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report of Bauxite Resources Limited complies with International Financial Reporting Standards ("IFRS").

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment. The financial report is presented in Australian dollars.

B New, revised and amended accounting standards and interpretations adopted

In the year ended 30 June 2019, the directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2019.

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

Impact on adoption of new accounting standards are as follow:

AASB 9: Financial instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018)

Accounting policies from 1 July 2018

The Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

The Group subsequently measures all equity investments at fair value. The Group has not elected to present fair value gains and losses on equity investments in OCI, where there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per AASB 139. To reflect changes in credit risk, this expected credit loss model requires the Group to account for expected credit loss since initial recognition.

Notes to the Financial Statements cont.

For trade receivables, The Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e. diversity of customer base, appropriate groupings of historical loss experience, etc).

Based on directors' assessment, the adoption of AASB 9 did not result in material change to the financial statements in current and prior period. No adjustments to opening balance required from the application of the accounting standards.

Accounting policies applied until 30 June 2018

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables or in an otherwise timely manner.

The amount of the impairment allowance is the difference between the asset's carrying amount and the estimated future cash flows. None of the Group's loans and receivables has an applicable interest rate hence the cash flows are not discounted. The amount of the impairment loss is recognised in the income statement within impairment expenses. When a loan or receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Notes to the Financial Statements cont.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of revenue from continuing operations when the Group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial investments is determined are disclosed in Note 2.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018)

This Standard replaced the previous accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 applies to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application.

The Group has adopted AASB 15 *Revenue from Contracts with Customers* from 1 July 2018. Based on directors' assessment, the adoption of AASB 15 did not result in material change to the recognition and measurement of revenue compared to prior period revenue recognition policy. No adjustments to retained earnings and restatement to comparatives was made from the adoption of the standard.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

R&D Tax incentives have been accounted for as government grant revenue. Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Where it is expected that a grant will be repaid if certain conditions are met, the liability to repay the grant is recognised as the conditions are met and the liability crystallises.

C Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bauxite Resources Limited ("Company" or "parent entity") as at 30 June 2019 and the results of all subsidiaries for the year then ended. Bauxite Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

D Interests in joint ventures arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to Note 1(b) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

E Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

F Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

G Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 20). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

H Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

I Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

J Trade and other receivables

Receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

K Property, plant and equipment

Property

Freehold land and buildings are carried at historical cost less, where applicable, any accumulated depreciation and impairment losses. Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets excluding freehold land, is depreciated using the reducing balance method to allocate their cost, net of their residual values, over their estimated useful lives. Buildings are depreciated on a straight line basis.

The depreciation rates for each class of depreciable assets are:

Plant & equipment	7-67%	Motor vehicles	25-30%
Buildings	2.5%		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

L Tenement acquisition and exploration costs

Tenement acquisition and exploration costs incurred are written off as incurred.

M Trade and other payables

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

N Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the balance sheet date are recognised in other payables in respect of employees' services up to the balance sheet date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'), refer to Note 26.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes or binomial option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

O Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

The amount expended on the on-market buy-back of shares is debited to the share capital account to the extent of share capital available. Should the amount expended on on-market share buy-backs exceed the amount of available share capital, the remainder will be debited against distributable reserves.

P Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Q Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Notes to the Financial Statements cont.

R New accounting standards for application in future periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

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

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The directors anticipate that the adoption of AASB 16 may impact the Group's financial statements, however the impact is not currently expected to be significant.

S Critical accounting estimates and judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes or binomial option pricing model, using the assumptions detailed in Note 26.

Impairment of assets

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using estimated net realisable values which incorporate various assumptions such as current indicative values and expected future cash inflows.

Notes to the Financial Statements cont.

2 FINANCIAL RISK MANAGEMENT

The Group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all Board members to be involved in this process. The Chairman, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

(a) Market risk

(i) Foreign exchange risk

As all operations are currently within Australia, the Group is not exposed to material foreign exchange risk.

(ii) Price risk

The Group is not exposed to any significant price risk.

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Group and the parent entity $4,116,996 (2018: $4,929,206) is subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the year depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Group and the parent entity was 2.57% (2018: 2.42%).

Sensitivity analysis

At 30 June 2019, if interest rates had changed by -/+ 80 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for both the Group and the parent entity would have been $35,479 lower/higher (2018: $85,861 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board has otherwise cleared as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group and the parent entity are confined to trade and other payables as disclosed in the Balance Sheet. All trade and other payables are non-interest bearing and due within 12 months of the balance sheet date. Given the relative size of the cash reserves, the Group is not currently exposed to any significant liquidity risk.

Notes to the Financial Statements cont.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

3 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

	2019 $	2018 $
Current assets	4,206,777	5,127,932
Non-current assets	16,519,463	16,165,858
Total assets	20,726,240	21,293,790
Current liabilities	130,910	85,867
Total liabilities	130,910	85,867
Net assets	20,595,330	21,207,923
Shareholders' equity		
Contributed equity	55,914,469	55,914,469
Reserves	989,792	653,044
Accumulated profit/(loss)	(36,308,931)	(35,359,590)
Net equity	20,595,330	21,207,923
(Loss)/profit for the year after tax	(949,341)	(813,157)
Total comprehensive income/(loss)	(949,341)	(813,157)

(b) Guarantees entered into by parent entity

	2019 $	2018 $
Unconditional performance bonds issued in relation to credit card and rental obligations	-	-

The Company has no Guarantees in place (2018 - $Nil).

(c) Contingent Liabilities of parent entity

Details and estimate of maximum amounts of contingent liabilities for which no provision is included in the accounts are as follows:

	2019 $	2018 $
Unconditional performance bonds issued in relation to credit card and rental obligations	-	-

The Company has no contingent liabilities (2018 $Nil).

(d) Contractual commitments for the acquisition of property, plant and equipment

The Company has no contractual commitments for the acquisition of property, plant and equipment (2018: Nil).

Notes to the Financial Statements cont.

4 REVENUE

	Consolidated Group	
	2019 $	2018 $
Reimbursement of exploration costs	169,293	250,259
R&D Refund	137,557	57,909
Other revenue	117,481	89,756
Interest	113,921	280,462
	538,252	678,386

5 PROFIT/(LOSS) FOR THE YEAR

Expenses

	Consolidated Group	
	2019 $	2018 $
Lease payments	48,995	51,699
Other administration	211,239	180,872

6 INCOME TAX EXPENSE

		Consolidated Group	
		2019 $	2018 $
(a)	The components of tax expense/(benefit) at 27.5% (2018: 27.5%) [1] comprise:		
	Current tax	-	-
	Deferred tax	-	-
	Income tax expense reported in the statement of profit and loss and other comprehensive income	-	-
(b)	Numerical reconciliation of income tax expense/(benefit) to prima facie tax expense/(benefit):		
	Profit/(loss) before income tax expense/(benefit)	(1,301,942)	(1, 450,706)
	Prima facie tax expense/(benefit) on profit/(loss) from ordinary activities before income tax at 27.5% (2018: 27.5%) [1]	(358,034)	(398,944)
	Add tax effect of:		
	- Non-allowable items	83,854	25,313
	- Revenue losses not recognised	604,316	501,929
		330,136	128,298
	Less tax effect of:		
	- Non-assessable items	37,828	15,925
	- Deferred tax balances not recognised	292,308	112,373
	- Over provision for income tax in prior years	-	-
	- Over provision for income tax in prior years – effect of reduction in corporate tax rate	-	-
	- Losses recouped not previously recognised	-	-
	Income tax expense reported in the statement of profit and Loss and other comprehensive income	-	-
(c)	Deferred tax recognised at 27.5% (2018: 27.5%) [1]:		
	Deferred tax liabilities:		
	Accrued interest	(3,230)	(6,431)
	Other	(85)	(290)
	Deferred tax assets:		
	Carry forward revenue losses	3,315	6,721

Notes to the Financial Statements cont.

		Consolidated Group	
		2019 $	2018 $
	Net deferred tax	-	-
(d)	Deferred tax not recognised at 27.5% (2018: 27.5%) [1]:		
	Deferred tax assets:		
	Carry forward losses	14,280,184	13,759,102
	Capital raising and restructuring costs	30,363	333,041
	Property, plant & equipment	118,427	118,427
	Exploration and development	25,369	25,369
	Provisions and accruals	15,383	8,415
		14,469,726	14,244,354

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

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

Tax consolidation

(i) Members of the tax consolidated group

Bauxite Resources Limited and its wholly owned Australian resident subsidiaries have formed a tax consolidated group with effect from 10 June 2008. Bauxite Resources Limited is the head entity of the tax consolidated group.

(ii) Tax effect accounting by members of the tax consolidated group

Measurement method adopted under UIG 1052 Tax Consolidated Accounting

The group has applied the Stand-Alone Taxpayer approach in determining the appropriate amount of current and deferred taxes recognised by members of the tax consolidated group. Each entity in the group recognises its own current and deferred tax assets and liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits and any current tax liability. Deferred tax assets resulting from unused tax losses and tax credits and the current tax liability are assumed and recognised by the parent entity. The group has not entered into any tax sharing or funding agreements.

Note 1: Reduction in corporate tax rate

The corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

Notes to the Financial Statements cont.

7 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2019 $	2018 $
Cash at bank and in hand	516,996	123,153
Short-term deposits	3,600,000	4,806,053
Cash and cash equivalents as shown in the balance sheet and the statement of cash flows	4,116,996	4,929,206

8 CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2019 $	2018 $
Trade debtors	(7,700)	39,026
R&D receivable	-	57,909
Accrued interest income	11,748	23,386
Prepayments	85,733	78,405
	89,781	198,726

The class of assets described as “trade and other receivables” is considered to be the main source of credit risk related to the Group.

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

	Gross Amount	Past due but not impaired (days overdue)			
		< 30	31–60	61–90	> 90
2019					
Trade and debtors	(7,700)	(7,700)	-	79	-
2018					
Trade and debtors	39,026	38,947	-	79	-

9 NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

	Consolidated Group	
	2019 $	2018 $
Bonds & security deposits & loans receivable [1]	200,000	200,000
	200,000	200,000

Note 1: Loan to CEO under consulting contract

Notes to the Financial Statements cont.

10 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2019 $	2018 $
Plant and equipment		
Cost	2,378,616	2,469,738
Accumulated depreciation	(2,347,620)	(2,439,944)
Net book amount	30,996	29,794
Plant and equipment		
Opening net book amount	29,794	36,545
Depreciation charge	(7,147)	(15,591)
Acquisition	8,640	8,840
Disposals	(291)	-
Closing net book amount	30,996	29,794
Motor Vehicles		
Cost	85,023	85,023
Accumulated depreciation	(84,428)	(84,230)
Net book amount	595	793
Motor Vehicles		
Opening net book amount	793	10,327
Depreciation charge	(198)	(9,534)
Closing net book amount	595	793
Property and buildings		
Cost	1,959,313	2,989,956
Accumulated depreciation	(64,313)	(64,313)
Accumulated impairment losses	-	(1,030,643)
Net book amount	1,895,000	1,895,000
Property and buildings		
Opening net book amount	1,895,000	2,325,643
Impairment	-	(430,643)
Closing net book amount	1,895,000	1,895,000
Total Assets		
Cost	4,422,952	5,544,717
Accumulated depreciation	(2,496,361)	(2,588,487)
Accumulated impairment losses	-	(1,030,643)
Net book amount	1,926,591	1,925,587
Total Assets		
Opening net book amount	1,925,587	2,372,515
Depreciation charge	(7,345)	(25,125)
Acquisition	8,640	8,840
Disposal	(291)	-
Impairment	-	(430,643)
Closing net book amount	1,926,591	1,925,587

Impairment Losses – Property, Plant & Equipment

No impairments were made during the financial year (2018 - $430,643).

Notes to the Financial Statements cont.

11 CURRENT LIABILITIES

		Consolidated Group	
		2019 $	2018 $
(a)	**Trade and other payables**		
	Trade payables	65,664	53,439
	GST and tax liabilities	(13,770)	(9,262)
	Other payables and accruals	42,578	33,591
		94,472	77,768
(b)	**Provisions**		
	Annual and long service leave provisions		
	Opening balance at 1 July	8,099	13,920
	Additional provisions	42,262	22,400
	Amounts used	(13,923)	(28,221)
	Balance at 30 June	36,438	8,099

The provision represents annual leave and long service leave obligations expected to be settled within 12 months of the balance date and are measured at the amounts expected to be paid when the liabilities are settled.

12 CONTRIBUTED EQUITY

			2019		2018	
		Notes	Number of securities	$	Number of securities	$
(a)	**Share capital**					
	Ordinary shares fully paid	13b, 13d		55,914,469		55,914,469
	Total contributed equity			55,914,469		55,914,469
(b)	**Movements in ordinary share capital**					
	Beginning of the financial year		214,422,336	55,914,469	214,422,336	66,641,060
	Capital returned		-	-	-	(10,721,117)
	Less: Transaction costs		-	-	-	(5,474)
	End of the financial year		214,422,336	55,914,469	214,422,336	55,914,469

(c) Options

During the year there were no options issued or on issue.

(d) Ordinary shares

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

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

(e) Capital risk management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy

Notes to the Financial Statements cont.

is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2019 and 30 June 2018 are as follows:

	Consolidated Group	
	2019 $	2018 $
Cash and cash equivalents	4,116,996	4,929,206
Trade and other receivables	89,781	198,726
Trade and other payables	(94,472)	(77,768)
Working capital position	4,112,305	5,050,164

13 RESERVES AND ACCUMULATED LOSSES

		Consolidated Group	
		2019 $	2018 $
(a)	**Reserves**		
	Share-based payments reserve		
	Balance at beginning of year	653,044	561,219
	Performance shares converted to ordinary shares	-	-
	Performance rights expensed	336,748	91,825
	Balance at end of year	989,792	653,044
(b)	**Retained earnings / (accumulated losses)**		
	Balance at beginning of year	(49,399,861)	(47,949,155)
	Net profit/(loss) for the year	(1,301,942)	(1,450,706)
	Balance at end of year	(50,701,803)	(49,399,861)

		2019		2018	
		Number of securities [1]	$	Number of securities [2]	$
(c)	**Movements in performance rights**				
	Beginning of the financial year	10,000,000	-	-	-
	Tranche 1 Issues	2,166,664	282,993	3,333,331	59,238
	Tranche 2 Issues	2,166,668	52,072	3,333,334	26,662
	Tranche 3 Issues	2,166,668	1,683	3,333,335	5,925
	Tranche 1 lapsed	(5,499,995)	-	-	-
	End of the financial year	11,000,005	336,748	10,000,000	91,825

Notes:

(1) The original performance rights issued to Directors in the prior financial year were amended at the AGM on the 23 November 2018 to account for the capital return such that with the Performance Hurdles for each of the tranches being the 10 day VWAP of the Company's Shares on the Expiry Date exceeding 7.6 cents per share for Tranche 1, 9.7 cents per share for Tranche 2, and 11.8 cents per share for Tranche 3. There were an additional 4,500,000 Performance Rights issued to Executives and 2,000,000 issued as a share based payment during the financial year on the same revised terms as the Directors' Performance Rights. The Performance Rights terms also changed following each Performance Right would convert into 1.806 fully paid ordinary shares.

(2) The Performance Rights were issued in 3 equal tranches with the Performance Hurdles for each of the tranches being the 10 day VWAP of the Company's Shares on the Expiry Date exceeding 12.6 cents per share for Tranche 1, 14.7 cents per share for Tranche 2, and 16.8 cents per share for Tranche 3. All other terms of the Performance rights were standard terms. These have been replaced by the Performance Rights issued in 2019.

Notes to the Financial Statements cont.

14 DIVIDENDS

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

15 KEY MANAGEMENT PERSONNEL DISCLOSURES

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel ("KMP") for the year ended 30 June 2019.

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

	Consolidated Group	
	2019 $	2018 $
Short-term benefits	830,681	910,055
Post-employment benefits	28,211	37,288
Share-based payments	303,499	91,825
	1,162,391	1,039,168

The Company has taken advantage of the relief provided by AASB 2008-4 Amendments to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in sections A-H of the remuneration report on pages 17 to 21.

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits, consultancy fees and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's superannuation contributions made during the year.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

16 ASSOCIATES AND JOINT ARRANGEMENTS

HD Mining & Investment Pty Ltd

The Group has entered into a Farm-in arrangement with HD Mining & Investment Pty Ltd ("HDMI") to carry out exploration on tenements, and if warranted, to develop and exploit the tenements and carry out mining operations for the purpose of deriving production of Bauxite from them. HDMI has agreed to fund all costs to earn up to a maximum of 60% Participating Interest.

17 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.

18 REMUNERATION OF AUDITORS

		Consolidated Group	
		2019 $	2018 $
(a)	**Audit services**		
	Moore Stephens - audit and review of financial reports	20,343	20,703
	Moore Stephens – other audit services	900	-
	Total remuneration for audit services	21,243	20,703
(b)	**Non-audit services**		
	Moore Stephens – taxation services	7,850	4,900
	Total remuneration for other services	7,850	4,900

19 CONTINGENCIES

On 17 January 2019 the Company announced that it had executed a Term Sheet with Urban Resources for operating a direct shipping ore export venture. Included in the terms of this agreement is a contingent liability that the Company has to issue shares to Urban Resources if the following milestones are achieved.

(a) commercially profitable shipments of 20,000 tonnes of silica sand from the Urban Resources Bullsbrook mine through the Fremantle Port to an overseas customer being completed. To receive a payment in shares in the Company equivalent to $250,000 based on the 7 day VWAP on completion of the milestone; and

(b) commercially profitable shipments of 20,000 tonnes of silica sand through the Albany Port to an overseas customer being completed. To receive a payment in shares in the Company equivalent to $250,000 based on the 7 day VWAP on completion of the milestone.

20 COMMITMENTS

		Consolidated Group	
		2019 $	2018 $
(a)	**Exploration commitments**		
	The Company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:		
	within one year	495,858	355,372
	later than one year but not later than five years	946,317	935,039
	Later than five years	-	-
		1,442,175	1,290,411
(b)	**Commercial property lease commitments**		
	within one year	12,249	12,249
	later than one year but not later than five years	-	-
	Later than five years	-	-
	Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	12,249	12,249
	The property lease is cancellable with three months notice and rent payable monthly in advance.		

21 RELATED PARTY TRANSACTIONS

The only Related Party transactions were with members of the board and are disclosed in full in the Directors Report.

Notes to the Financial Statements cont.

22 SUBSIDIARIES

Name	Country of Incorporation	Date of Incorporation	Class of Shares	Equity Holding[1]	
				2019 %	2018 %
Darling Range Pty Ltd	Australia	10 June 2008	Ordinary	100	100
Braeburn Resources Pty Ltd	Australia	24 July 2007	Ordinary	100	100
Darling Range South Pty Ltd	Australia	13 November 2008	Ordinary	100	100
Darling Range North Pty Ltd	Australia	23 March 2009	Ordinary	100	100
BRL Operations Pty Ltd	Australia	16 February 2009	Ordinary	100	100
BRL Landholdings Pty Ltd	Australia	16 February 2009	Ordinary	100	100
Australian Silica Quartz Pty Ltd [1]	Australia	25 March 2009	Ordinary	100	100
VA Holdings Pty Ltd	Australia	13 February 2009	Ordinary	100	100
Australian Silica & Quartz Limited [2]	Australia	27 February 2018	Ordinary	100	100

Note 1 - Company Changed its name from BRL Other Minerals Pty Ltd
Note 2 - New Company incorporated in prior year

23 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No matters or circumstance have arisen since 30 June 2019 which significantly affected or could significantly affect the operations of the consolidated group in future financial years.

24 CASH FLOW STATEMENT

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

	Consolidated Group	
	2019 $	2018 $
Net profit/(loss) for the year	(1,301,942)	(1,450,706)
Non cash Items		
Depreciation and amortisation	7,345	25,125
Share-based payments expense	336,748	91,825
Net (gain)/loss on disposal of property, plant and equipment	292	(318)
Impairment of property, plant & equipment	-	430,642
Sale of business working capital movements	-	-
	(957,557)	(903,433)
Movements in working capital, net of effects from purchase of controlled entities		
(Increase)/ Decrease in trade and other receivables	108,945	19,111
Increase/ (Decrease) in trade and other payables	16,703	18,505
Increase/ (Decrease) in provisions	28,339	(5,821)
Net cash inflow/(outflow) from operating activities	(803,570)	(871,637)

Notes to the Financial Statements cont.

25 EARNINGS PER SHARE

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

	Consolidated Group	
	2019 $	2018 $
Profit or loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	(1,301,942)	(1,450,706)

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

	Consolidated Group	
	2019 Number of shares	2018 Number of shares
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	214,422,336	214,422,336
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	214,422,336	214,422,336

All performance rights on issue are considered anti-dilutive and have not been included in the calculation of diluted earnings per share.

26 SHARE-BASED PAYMENTS

Performance Rights

Market based vesting conditions were valued using a hybrid share option pricing model that simulates the share price of the Company as at the test date using a Monte-Carlo model. For non-market based vesting conditions no discount was made to the underlying valuation model. During the year there were 4.5 million performance rights granted to Key Management Personnel ("KMP") and 2 million granted to a consultant (2018 – 10,000,000) with an SBP expense of $336,748 – full details of 4.5 million KMP performance rights are included in the Directors Report.

On 21 January 2019 the Company issued 2,000,000 million performance shares to Urban Resources limited with details of the issue below.

	Grant Date	Granted Number	Vested Number as at 30 June 2019	Date vesting or vested and exercisable	Expiry Date	Exercise Price (cents)	Value per performance rights	Exercised Number
2019								
Urban Resources Performance Rights [1]								
Tranche 1	21/01/2019	666,666	Nil	10 May 2019	10 May 2019	Nil	2.3c	Nil
Tranche 2	21/01/2019	666,667	Nil	10 Nov 2019	10 Nov 2019	Nil	0.9c	Nil
Tranche 3	21/01/2019	666,667	Nil	10 Nov 2020	10 Nov 2020	Nil	0.1c	Nil

Notes:

(1) The Performance Hurdles for each of the tranches being the 10 day VWAP of the Company's Shares on the Expiry Date exceeding 7.6 cents per share for Tranche 1, 9.7 cents per share for Tranche 2, and 11.8 cents per share for Tranche 3..

Directors' Declaration

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

(a) the financial statements and notes and the remuneration disclosures that are contained in the Directors' Report, are in accordance with the Corporations Act 2001, including:

   (i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

   (ii) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2019 and of their performance for the financial year ended on that date;

(a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) the Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2019; and

(c) note 1 confirms that the financial statements also comply with the International Reporting Standards as issued by the International Accounting Standards Board.

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

Robert Nash
Chairman

Perth, 26 September 2019

Independent Audit Report

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BAUXITE RESOURCES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Bauxite Resources Limited (the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

c) the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

d) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Audit Report cont.

Key Audit Matters (continued)

<table>
<tr><th colspan="2">Valuation of Properties</th></tr>
<tr><td colspan="2">Refer to Note 10 Property, Plant and Equipment</td></tr>
<tr><td>The Group's book value of property held as at 30 June 2019 amounted to $1.895 million.

Other than cash balances, property is the Group's most significant asset with its value being highly dependent on management's estimates and judgement.

The methodology used for the assessment of incorporated an independent external valuation performed in the previous financial year by a licensed independent valuer as well as consideration of other current relevant factors and market conditions. The valuation is dependent on several key assumptions and judgements including highest and best use concepts and comparable market values.</td><td>Our audit procedures included, amongst others:
• Reviewing minutes of meetings and discussion with management in respect of their valuation & plans for the properties, and assessing their methodology including the reasonableness of key assumptions and estimates adopted
• Checking key assumptions to external market information (e.g. neighbouring properties sold or advertised for sale during the year), where available, to ensure the underlying assumptions inherent in the external valuation obtained in the previous financial year continues to be relevant
• Considering the potential impact of reasonably downside changes in the key assumptions adopted
• Review of disclosure in the financial statements to ensure appropriateness and adequacy</td></tr>
<tr><th colspan="2">Share-based payments</th></tr>
<tr><td colspan="2">Refer to Remuneration Report & Note 26 Share-Based Payments</td></tr>
<tr><td>During the year ended 30 June 2019, the Group transacted with Key Management Personnel (KMPs) and other parties including:
• Awarded share-based payments (SBP) amounting to $0.337 million, in the form of performance rights

SBP is a key audit matter due to it being a material transaction, the valuation of which involved several key assumptions and judgements adopted by both management and an independent valuer during the year.</td><td>Our procedures included, amongst others:
• Enquiring and obtaining confirmations from KMPs regarding SBP transactions during the year
• Reviewing minutes of meetings, ASX announcements, agreements, & considered other transactions undertaken during the year
• Confirming the accounting treatment of SBPs via our Moore Stephens National Head of Technical Accounting
• Assessing the valuation methodology used by management & the independent valuer to estimate the fair value of equity instruments issued, including testing the integrity of the information provided, assessing the appropriateness of key assumptions input into the valuation model
• Evaluation of the independent valuer and their objectivity, competency and capabilities
• Assessing whether these payments have been appropriately disclosed and reported in the financial statements</td></tr>
</table>

Independent Audit Report cont.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Audit Report cont.

Auditor's Responsibilities for the Audit of the Financial Report (continued)

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Bauxite Resources Limited, for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

SL TAN PARTNER	MOORE STEPHENS CHARTERED ACCOUNTANTS

Signed at Perth on the 26th day of September 2019

ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows, the information is current as at 24 September 2019:

(a) Voting rights

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

(b) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Ordinary shares	
	Number of holders	Number of shares
1 – 1,000	30	9,834
1,001 – 5,000	74	258,254
5,001 – 10,000	189	1,680,416
10,001 – 100,000	578	20,793,621
100,001 and over	123	191,680,211
	994	214,422,336
The number of equity security holders holding less than a marketable parcel of $500 (based on a 4.0 cents price) of securities are:	339	2,468,496

(c) Twenty largest shareholders

	Listed ordinary shares	
Holder name	Number of shares	Percentage of ordinary shares
1. One Managed Investment Funds Ltd (1 A/C)	39,391,863	18.37%
2. HD Mining & Investments Pty Ltd	19,700,000	9.19%
3. Big Fish Nominees Pty Ltd	17,666,666	8.24%
4. Jetosea Pty Ltd	17,561,735	8.19%
5. Tailrain Pty Ltd (Childrens A/C)	17,016,667	7.94%
6. Dilkara Nominees Pty Ltd (Millwood Smith A/C)	12,216,667	5.70%
7. Middlemas Robert Samuel	8,015,918	3.74%
8. HSBC Custody Nominees Australia Ltd	5,079,071	2.37%
9. Spectral Inv Pty Ltd (Lithgow Family A/C)	2,700,000	1.26%
10. J P Morgan Nominees Australia Ltd	2,762,567	1.29%
10. Prometheus Holdings Pty Ltd (Peter Carroll P/F)	2,499,480	1.17%
11. Xing Dong	2,262,808	1.06%
12. Custodial Services Ltd (Beneficiaries Holding)	2,214,200	1.03%
13. Atkins Annette	2,207,736	1.03%
14. Dilkara Nominees Pty Ltd (BMS Super A/C)	2,000,000	0.93%
15. Lake Mcleod Gypsum Pty Ltd	1,780,171	0.83%
16. National Nom Ltd (DB A/C)	1,722,732	0.80%
17. Romsup Pty Ltd (Romadak S/F A/C)	1,700,000	0.79%
18. Atkins Elizabeth Mary	1,610,000	0.75%
19. Wan Li	1,603,741	0.75%
20. Middlemas R S & Wolseley (Middlemas S/F A/C)	1,200,000	0.56%
	160,149,455	74.70%

ASX Additional Information cont.

(d) Substantial shareholders

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

	Number of shares
Sandon Capital Pty Ltd	40,360,520
Annette Atkins, Talrain Pty Ltd (Childrens A/c) & Associates	19,873,512
HD Mining & Investments Pty Ltd	19,700,000
Neil Lithgow and Controlled entities	17,666,666
Tailrain Pty Ltd (Childrens A/C) and Luke Atkins	17,041,667
Jetosea Pty Ltd	15,791,994
Dilkara Nominees Pty Ltd (Millwood Smith A/C)	14,516,667

(e) Schedule of interests in mining tenements

BRL TENEMENTS (100%)
BRL retain 100% interest in the following tenements (all granted unless marked "Pending")

Tenement	Location	Tenement	Location
Gingin Silica Project		Western Australia Hardrock Quartz Projects	
E70/5058	Quin Brook	E70/5070	Jouerdine
E70/5144	Warbrook (Pending)	E70/5071	Bilocupping
Albany Silica Project		E70/5072	Calcaling
E70/4982	Green Range (Pending)	E70/5288	Potts Road (Pending)
E70/4983	Narrikup	North Queensland Hardrock Quartz Projects	
E70/5262	Hassell	EPM 26702	Mt Eliza
E70/5202	Kalgan	EPM 26727	Pandanus Creek
E70/5241	Redmond West (Pending)	EPM 26741	Douglas Range
E70/5242	Redmond South (Pending)		
E70/5243	Redmond East (Pending)		
E70/5262	Cheyne (Pending)		
E70/5270	Ridgetop (Pending)		
East Esperance Silica Project			
E63/1853	Merivale		
E63/1926	Telegraph Road		
E63/1962	Merivale East		

HD MINING & INVESTMENTS JOINT VENTURE TENEMENTS

The JV requires HD Mining to fund 100% of all exploration and feasibility costs to earn up to 60% of the bauxite rights. HD Mining is currently working towards obtaining 40% interest in the bauxite rights on the tenements below. This will be triggered if HD Mining enters into a binding commitment to undertake a feasibility study on the tenements. Should HD Mining and BRL make a decision to mine, HD Mining will earn an additional 20% interest in bauxite rights. BRL maintains 100% interest in other minerals. At the date of this report BRL still has 100% interest in these tenements.

Tenement	Location
Darling Range Tenements (Granted)	
E70/3160	Toodyay
E70/3405	Victoria Plains
E70/3179	Congelin
E70/3180	Dattening
E70/3890	Wandering

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