

# **BAUXITE RESOURCES LIMITED**

**ABN 72 119 699 982**

## **INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED**

**31 DECEMBER 2007**

**This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the period ended 30 June 2007 and any public announcements made by Bauxite Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.**

A handwritten signature in black ink, consisting of stylized initials or a name, located in the bottom right corner of the page.

**BAUXITE RESOURCES LIMITED**

**31 DECEMBER 2007**

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**BAUXITE RESOURCES LIMITED**

**31 DECEMBER 2007**

**DIRECTORS' REPORT**

Your directors are pleased to present their report on Bauxite Resources Limited for the half-year ended 31 December 2007.

**DIRECTORS**

The names of the directors who held office during or since the end of the half-year, to the date of this report, are:

Luke Atkins

Robert Nash

Neil Lithgow

David McSweeney (appointed 20 November 2007)

**REVIEW AND RESULTS OF OPERATIONS**

A summary of revenues and results for the half-year is set out below:

	2007	
	Revenues	Results
	\$	\$
Bauxite Resources Limited	127,173	(92,790)

Bauxite Resources was founded in May 2006 for the purpose of securing tenements over land deemed prospective for bauxite mineralisation. It listed on the ASX on 22 October 2007 after closing its \$7.5 million IPO early and oversubscribed.

The Company is looking to establish itself in the Bauxite and alumina industries in Western Australia – home to four of the seven Australian alumina refineries - and is the only ASX-listed junior explorer in the highly prospective Darling Range, which produces approximately 17% of the world's alumina and is home to Alcoa's Huntly Mine, the largest producing bauxite mine in the world.

The Company has applied for 30 tenements in the three project areas of Muchea, South Darling Range and Kimberley and is primarily focused on defining a sustainable, economic bauxite resource through an intensive exploration program to be undertaken in 2008/9. It will then look to develop a bauxite export industry by direct shipping and to further assess potential resources with a view to the development of an alumina refinery.

**AUDITORS' INDEPENDENCE DECLARATION**

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of directors.



**Luke Atkins**

Director

Perth, 29 February 2008



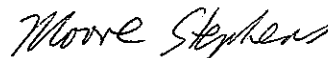
## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BAUXITE RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2007, there have been:

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



NEIL PACE  
PARTNER



MOORE STEPHENS  
CHARTERED ACCOUNTANTS

Signed at Perth this 29th day of February 2008.

**BAUXITE RESOURCES LIMITED**

**31 DECEMBER 2007**

**INCOME STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	<b>Half-year</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>(unaudited)</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUE FROM CONTINUING OPERATIONS</b>	127,173	-
<b>EXPENDITURE</b>		
Depreciation and amortisation expense	(1,152)	-
Salaries and employee benefits expense	(140,005)	-
Administration expenses	(78,806)	(1)
<b>LOSS BEFORE INCOME TAX</b>	(92,790)	(1)
Income tax benefit / (expense)	-	-
<b>LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF BAUXITE RESOURCES LIMITED</b>	(92,790)	(1)
Basic and diluted loss per share (cents)	(0.1)	(33.3)

The above income statement should be read in conjunction with the accompanying notes.



**BAUXITE RESOURCES LIMITED****31 DECEMBER 2007****BALANCE SHEET  
AS AT 31 DECEMBER 2007**

	<b>31 December 2007 \$</b>	<b>30 June 2007 \$</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	7,781,117	1,182,561
Trade and other receivables	55,955	3,240
<b>TOTAL CURRENT ASSETS</b>	<u>7,837,072</u>	<u>1,185,801</u>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	13,916	6,577
Tenement acquisition & exploration	250,112	200,342
Intangible assets	1,320	1,467
<b>TOTAL NON-CURRENT ASSETS</b>	<u>265,348</u>	<u>208,386</u>
<b>TOTAL ASSETS</b>	<u>8,102,420</u>	<u>1,394,187</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	43,825	117,320
<b>TOTAL CURRENT LIABILITIES</b>	<u>43,825</u>	<u>117,320</u>
<b>TOTAL LIABILITIES</b>	<u>43,825</u>	<u>117,320</u>
<b>NET ASSETS</b>	<u>8,058,595</u>	<u>1,276,867</u>
<b>EQUITY</b>		
Contributed equity	8,146,084	1,271,566
Retained profits/(accumulated losses)	(87,489)	5,301
<b>TOTAL EQUITY</b>	<u>8,058,595</u>	<u>1,276,867</u>

The above balance sheet should be read in conjunction with the accompanying notes.



BAUXITE RESOURCES LIMITED

31 DECEMBER 2007

STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Half-year	
	2007 \$	2006 (unaudited) \$
<b>TOTAL EQUITY AT THE BEGINNING OF THE HALF-YEAR</b>	<b>1,276,867</b>	<b>3</b>
<b>LOSS FOR THE HALF-YEAR</b>	<b>(92,790)</b>	<b>(1)</b>
<b>TOTAL RECOGNISED INCOME AND EXPENSE FOR THE HALF-YEAR ATTRIBUTABLE TO MEMBERS OF BAUXITE RESOURCES LIMITED</b>	<b>(92,790)</b>	<b>(1)</b>
Transactions with equity holders in their capacity as equity holders:		
Shares issued during the half-year	<b>7,500,000</b>	-
Transaction costs	<b>(625,482)</b>	-
	<b>6,874,518</b>	-
<b>TOTAL EQUITY AT THE END OF THE HALF-YEAR</b>	<b>8,058,595</b>	<b>2</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.



**BAUXITE RESOURCES LIMITED**

**31 DECEMBER 2007**

**CASH FLOW STATEMENT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	<b>Half-year</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>(unaudited)</b>
		<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Expenditure on mining interests	(66,346)	(60,514)
Payments to suppliers and employees	(236,205)	(1)
Interest received	127,173	-
<b>Net cash outflow from operating activities</b>	<u>(175,378)</u>	<u>(60,515)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of intangible assets	-	(1,467)
Payment for plant and equipment	(8,345)	-
<b>Net cash outflow from investing activities</b>	<u>(8,345)</u>	<u>(1,467)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	-	76,245
Repayment of borrowings	(92,239)	-
Share issue transaction costs	(625,482)	-
Proceeds from issue of shares	7,500,000	3
<b>Net cash inflow from financing activities</b>	<u>6,782,279</u>	<u>76,248</u>
 Net increase/(decrease) in cash and cash equivalents	<b>6,598,556</b>	14,266
Cash and cash equivalents at the beginning of the half-year	<u>1,182,561</u>	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>	<u><b>7,781,117</b></u>	<u>14,266</u>

The above cash flow statement should be read in conjunction with the accompanying notes.





BAUXITE RESOURCES LIMITED

31 DECEMBER 2007

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**

This general purpose financial report for the interim half-year reporting period ended 31 December 2007 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 30 June 2007 and any public announcements made by Bauxite Resources Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**Comparative figures**

This is the first interim report to be prepared by Bauxite Resources Limited as the company only became a disclosing entity during October 2007. As such, the comparative figures, being 1 July 2006 to 31 December 2006, have not been audited.

**NOTE 2: SEGMENT INFORMATION**

The company operates in predominantly one business and geographical segment, being mineral exploration in Australia.

**NOTE 3: CHANGES IN EQUITY SECURITIES ON ISSUE**

	2007 Shares	2007 \$	2006 Shares	2006 \$
<b>Issues of ordinary shares during the half-year</b>				
Issued for cash at Initial Public Offering	37,500,000	7,500,000	-	-
Capital raising costs	-	(625,482)	-	-
	<u>37,500,000</u>	<u>6,874,518</u>	-	-

**NOTE 4: CONTINGENCIES**

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

**NOTE 5: SUBSEQUENT EVENTS**

During February 2008 the Company issued 2 million unlisted options with an exercise price of 25 cents and 4 million unlisted options with an exercise price of 40 cents, both expiring on 15 May 2012, to a director as approved at general meeting in January 2008.

No other matter or circumstance has arisen since 31 December 2007, which has significantly affected, or may significantly affect the operations of the group, the result of those operations, or the state of affairs of the group in subsequent financial years.



**BAUXITE RESOURCES LIMITED**

**31 DECEMBER 2007**

**DIRECTORS' DECLARATION**

In the directors' opinion:

1. the financial statements and notes set out on pages 5 to 9 are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Bauxite Resources Limited will be able to pay its debts as and when they become due and payable.

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



**Luke Atkins**

Director

Perth, 29 February 2008



**INDEPENDENT REVIEW REPORT TO  
BAUXITE RESOURCES LIMITED****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Bauxite Resources Limited, which comprises the balance sheet as at 31 December 2007, the income statement, statement of changes in equity and the cash flow statement for the half-year ended on that date, a summary of significant accounting policies, selected explanatory notes and the directors' declaration.

**Directors' Responsibility for the Half-Year Financial Report**

The company's directors are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "Review of an Interim Financial Report Performed by the Independent Auditor of the Entity", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporation Act 2001 including: giving a true and fair view of the Company's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001. As the auditor of Western Australian Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the financial report.

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


**Independence**

In conducting our review, we have followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We declare to the best of our knowledge and belief that the auditor's independence declaration set out on page 5 of the financial report has not changed as at the date of providing our review report.

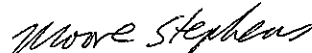
**Conclusion**

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

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



NEIL PACE  
PARTNER



MOORE STEPHENS  
CHARTERED ACCOUNTANTS

Signed at Perth this 29th day of February 2008.

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