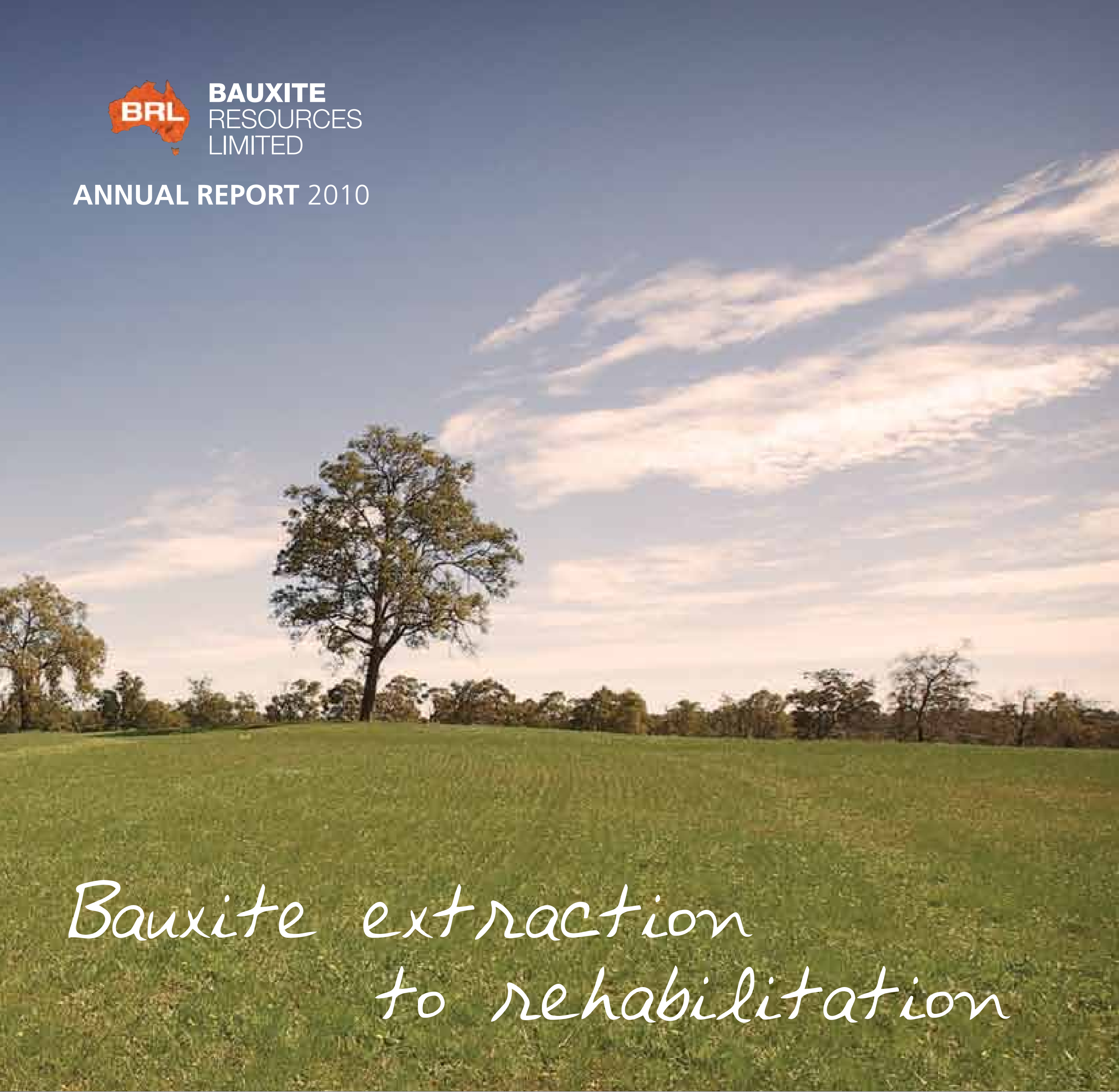
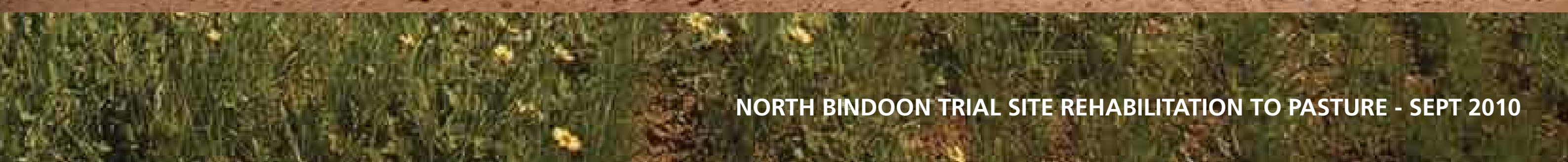
BAUXITE RESOURCES LIMITED

ANNUAL REPORT 2010



Bauxite extraction to rehabilitation

NORTH BINDOON TRIAL SITE IN OPERATION - SEPT 2009



NORTH BINDOON TRIAL SITE REHABILITATION TO PASTURE - SEPT 2010

Bauxite Resources Ltd Board of Directors from left: Paul Fromson (CFO/Company Secretary), Barry Carbon, David McSweeney, Luke Atkins, Neil Lithgow, Robert Nash and Ding Feng (absent Yan Jitai).

CORPORATE DIRECTORY

DIRECTORS

Barry Carbon (AM) - Chairman and Acting Chief Executive Officer

Luke Atkins - Non Executive Director

David McSweeney - Non Executive Director

Neil Lithgow - Non Executive Director

Robert Nash - Non Executive Director

Ding Feng - Non Executive Director

Yan Jitai - Non Executive Director

Paul Fromson – Chief Financial Officer and Company Secretary

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STOCK EXCHANGE LISTING

ASX Code: BAU (Ordinary Shares)

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First Shipment of bauxite ore, 12 November 2009.

EXECUTIVE SUMMARY

- BRL and Yankuang Corporation sign Further Heads of Agreement for future modern refinery, in South West WA. Yankuang funding 91% of the refinery construction costs. The approximate design capacity of the refinery will be 1.1Mtpa of alumina requiring 3.5Mtpa of bauxite. Proposed construction to be commenced within five years subject to a Bankable Feasibility Study (BFS), site selection, environmental and regulatory approvals.
- Three successful trial Direct Shipping Ore (DSO) shipments from North Bindoon to China totalling 128,647 tonnes. Completion of trial shipments reinforced the refining qualities of Darling Range bauxite. The bauxite analysed by the customers at the high value of 49% total alumina, with reactive silica averaging 2.3% and available alumina averaging 40%. Samples were supplied to various refineries for test purposes. Trial pit rehabilitated and reseeded with pasture species.
- Acquisition and expansion of Darling Range tenements. BRL expanded its tenements in the Darling Range which now cover approximately 24,000km². Detailed inspection of government derived land classifications shows that the project areas includes about 6,400km² of laterite, not including the 1,000km² shared with Shandong No1 Institute. In respect of private land where landowners consent is necessary for exploration, 213 property consent agreements have been signed.
- Commencement of bauxite exploration and drilling with Shandong No 1 Institute on 1,000km² of tenements from Darling Range Project.
- BRL in a strong financial position with cash reserves of over $54 million cash at bank as at 30 June 2010, in addition to over $10 million of value in property, plant and equipment and no debt. Since the end of the financial year BRL has taken strong action towards de-risking the company, and to secure a long term future with a proposed alumina refinery.
- BRL applies for 2Mtpa ongoing project in North Bindoon. BRL has committed to public involvement in decision-making and public scoping for this proposal.
- Alumina and bauxite demand is recovering from the global financial crisis.
- Successful capital raising of 60 million shares at $0.95 to raise $57 million.
- Senior staff changes see a reinforced long term strategy with exploration developments and increased land access.
- Environmental Approvals – new way forward. BRL considers it is 'line-in-the-sand time', and has set about a strategic measured approach to environmental approvals.
- Successful restructure of exploration contracts. BRL has re-structured its contractual drilling arrangements with drilling contractors and now has drillers covering scheduled drilling rates at expected cost efficiencies.
- Challenges faced by BRL. A concerted activist campaign on environment, commercial and quasi-legal.

CHAIRMAN'S LETTER

Dear Shareholder,

The financial year has been characterised by hard won advances interspersed with tough challenges. The year has been difficult for the whole bauxite-alumina-aluminium industry since the change in market with the global financial crisis.

The bauxite-alumina-aluminium industry has a history of extended price cycles. The ups and downs of product demand and product price need to be considered to plan and operate a successful bauxite alumina company. For an emerging company like ours, it means a concentration on risk reduction when the cycle is down, and on being prepared to respond quickly when the cycle turns up.

The market that is available to new producers is focussed on the emerging worlds of China and India. Since the global financial crisis, even those emerging markets for bauxite and alumina have been significantly depressed, and BRL could have been damaged if it had been locked into producing and supplying at the prices that have prevailed since then. At the time of the global financial crisis, bauxite imported into China dropped by half from around AUD$80 per tonne to around AUD$40 per tonne. The slow and partial recovery does not at this time indicate that BRL should yet be entering the spot market for bauxite export. There are parallels for our other low-capital potential product, calcined bauxite, where it is not appropriate at today's prices to enter the market. The position for both markets will be under constant review.

Even in these times of lower demand and depressed price, the Darling Range continues to be the world leader in production of bauxite and alumina, indicating again the competitive advantage of refining of Darling Range bauxite. Our Darling Range neighbours Alcoa and BHP have retained their annual production and sales to more than 12 million tonnes of alumina (equivalent to about 40 million tonnes of bauxite).

BRL's current approach is to minimise risk and expenditure, to prepare for the subsequent market upturn by way of establishing the bauxite resource, and to attempt to lock in a secure and profitable future through alumina production in Western Australia. BRL's long term strategy has not changed with opportunities in DSO, calcined bauxite and development of a refinery for processing.

BRL and Yankuang recently signed a binding Heads of Agreement which represents a positive opportunity to deliver long term shareholder value with our Chinese strategic partner, Yankuang, for a major infrastructure and bauxite resource development project. Yankuang has the financial resources, experience and technology to assist in the development of a state of the art alumina refinery in the southwest which will secure long term employment for the region and contribute to Western Australia's future as an alumina producer.

Since the end of the financial year BRL has taken strong action towards de-risking the Company, and to develop a future alumina refinery. BRL is in a strong financial position with significant cash reserves of over $50 million in addition to over $10 million of value in property, plant and equipment.

We thank you for your past support and look forward to your continued interest and involvement. Your board of Directors believe that through the past year's experience we are a tougher and better skilled company preparing the Company for the future.

Yours sincerely

Barry Carbon
Chairman and Acting Chief Executive Officer

Bauxite Resources sign a further binding Heads of Agreement with Yankuang Corporation to complete a BFS for the design and construction of a modern alumina refinery. Barry Carbon, Hon Jiang Daming, Govenor of Shandong, Wang Xin, General Manager Yankuang Corporation, Hon Grant Woodhams, WA Speaker of Legislative Assembly, Li Shugang, Consul General of China.

THE YEAR IN REVIEW

Overview of HOA

BRL and Yankuang Corporation sign agreement for future modern alumina refinery

Further to the Heads of Agreement (HOA) signed January 2010 with Yankuang Group Corporation Ltd of China for joint development and ownership of an alumina refinery in WA, an agreement was signed on 24 September 2010, summarised as follows:

- BRL and Chinese partner, Yankuang, subject to a bankable feasability study will design and build a modern state of the art alumina refinery in the South West of Western Australia to refine Darling Range bauxite into alumina using BRL's Darling Range tenements as the proposed source of bauxite;
- The refinery approximate design capacity will be 1.1Mtpa of alumina requiring 3.5Mtpa of bauxite;
- BRL and Yankuang propose that construction will be commenced within 5 years subject to a Bankable Feasibility Study (BFS), site selection, environmental and regulatory approvals;
- The agreement requires shareholder and regulatory approval;
- Yankuang will pay 91% of the refinery construction cost and receive 70% of the alumina product;
- BRL will fund 9% of the refinery construction cost and will receive 30% of the alumina product;
- Yankuang has arranged finance for its 91% and will assist BRL in securing finance of its 9%;
- Yankuang has agreed to off-take half of BRL's 30% of alumina for the first 10 years and BRL has the right to market separately the remaining 15%;
- A complete BFS and approvals process for a modern refinery project are to be carried out, with Yankuang contributing 90% to the cost and BRL contributing 10% of costs;
- Yankuang will pay 70% of past and future bauxite exploration costs on BRL's Darling Range tenements;
- Any direct shipping of bauxite ore or calcined bauxite operations commenced within the next 3 years will be subject to a BRL 51% and Yankuang 49% arrangement;
- BRL has commenced a new bauxite exploration program with Chinese partner, Shandong No.1 Institute of Geology and Minerals Exploration ("Shandong No.1 Institute"), on 1,000km² of BRL Darling Range tenements (which are excluded from this Yankuang agreement). Shandong No.1 Institute will pay all tenement and exploration costs, all mine, bankable feasibility study costs to earn a 60% share upon completion of a bankable feasibility study.

Details of HOA

As part of BRL's long term strategy a further Heads of Agreement with long term Chinese partner, Yankuang Corporation was signed on 24 September 2010, to complete a BFS for the design and construction of a modern refinery in the South West of Western Australia to refine Darling Range bauxite into alumina.

The refinery approximate design capacity will be 1.1

million tonnes per annum (Mtpa) of alumina which will require approximately 3.5Mtpa of bauxite. BRL and Yankuang propose that construction will be commenced within 5 years subject to a bankable feasibility study, site selection, environmental and regulatory approvals.

Under the terms of the binding Heads of Agreement, Yankuang has agreed to fund 91% of the refinery's construction costs in return for receipt of 70% of the alumina product, with BRL owning / receiving 30% of alumina.

BRL will pay 9% of construction costs and will receive assistance from Yankuang to arrange financing. Yankuang will also off-take half of BRL's share of alumina production for the first ten years of production.

Under the agreement, Yankuang becomes eligible for 70% of BRL's Darling Range bauxite rights (except for 1000km² of BRL Tenements in the Shandong No.1 Institute agreement). Any direct use of bauxite for non-refining purposes that is commenced within 3 years will have a split of 51% BRL and 49% Yankuang.

In addition, Yankuang has agreed to refund to BRL 70% of previous tenement / exploration costs. Yankuang will also contribute 70% to the cost of future tenement / exploration costs. Should refinery construction not commence within 5 years, BRL will have the option to acquire back 21% of the bauxite rights at that time to restore BRL 51% and Yankuang 49% ownership. This option will be at cost plus 15% incurred by Yankuang in respect of that 21% interest.

A BFS will also be carried out alongside the strategy to design and build the alumina refinery. It is now proposed that leading design agencies and consultancies based in China and Australia will be utilised for the BFS. The costs for this and the necessary approval processes have Yankuang contibuting 90% and BRL contributing 10%.

The further Heads of Agreement will lead to a substantial reduction in operating costs for BRL which will ensure that it has sufficient cash reserves over the medium term. Exploration expenditure is estimated at $8 million per annum of which BRL will pay 30% being $2.4 million per annum. BRL will pay 10% of the bankable feasibility study expenditure. The reduction in expenditure combined with a recoup of past costs will result in a modest cash outflow in 2011 and only $2-4 million per annum thereafter.

A site has yet to be determined for the alumina refinery, although BRL and Yankuang intend to work closely with the government agencies and other key groups to identify a suitable location for the site. This decision will be based on stringent environmental conditions and close consultation with local communities.

Bauxite Farm-In and Joint Venture Agreement with HD Mining and Investment Pty Ltd (for Shandong No 1 Institute)

On 30 July 2010, the previous Memorandum of Understanding strategic cooperation with Shandong No 1 Institute was replaced with a binding farm-in and joint venture agreement. HD Mining (for Shandong) has been allocated 1,000km² for bauxite exploration within BRL tenements. If exploration leads to successful BFS and subsequent mining, costs and benefits will be split 40:60, BRL: Shandong.

Two tenements have already been granted, a new drilling company has been engaged and exploration commenced.

Successful completion of trial shipments

BRL has completed three trial shipments totalling 128,647 tonnes from North Bindoon. The trial pit has now been rehabilitated and reseeded with pasture species in accordance with the landholder's requirements.

The completion of the trial shipments has reinforced the refining qualities of Darling Range bauxite. The bauxite extraction was conducted by contractors Catalano Brothers, trucked to Mooliabeenee siding for rail transport and exported via Kwinana. The bauxite was analysed by the customers at the high value of 49% total alumina, with reactive silica averaging 2.3% and available alumina averaging 40%. Samples were supplied to various refineries for test purposes. One group of refineries in Shandong Province, coordinated by Yankuang Resources, was particularly interested despite ongoing depressed market conditions, to agree to take approximately 1 million tonnes for more extensive testing starting 1 July 2010.

Furthermore the Chinese alumina refineries could trial the ore first by blending it with other ores, successful results underpin prospects for a longer term Offtake Agreement. The trial was a test for minimum impact mining with no blasting and utilising an excavator. In mining terms it is the simplest form of operation. Afterwards the ground was reformed for rehabilitation back to productive farmland. Some 14 native trees were removed for the operation and over 400 trees were replanted.

Expansion of tenements

BRL has expanded its tenements in the Darling Range which now cover approximately 24,000km^2. To a degree this expansion was facilitated by the global financial crisis and the impact this had on the availability of tenements from others. Detailed inspection of government derived land classifications shows that these project areas include about 6,400 km^2 of laterite, not including the 1,000km^2 of tenements shared with Shandong No1 Institute. BRL is now working through a statistical analysis to convert the potential area of laterite into projected tonnes of bauxite for planning purposes.

By the end of July 2010, thirteen tenements had been granted, two of which are included in the 1,000km^2 Shandong Institute agreement.

Bauxite Exploration with Shandong No 1 Institute

BRL has commenced a new program of bauxite exploration with its Chinese partner, Shandong No.1 Institute, in an allocated 1,000km^2 of BRL tenements. Shandong No.1 Institute has agreed to pay all tenement and exploration costs while BRL has purchased an appropriate drill rig with a contract in place for drilling during 2010/11. If the exploration program and BFS result in a mining operation, BRL and Shandong No.1 Institute have agreed to allocate the costs and benefits 40:60, respectively. Both BRL and Shandong No.1 Institute are also discussing exploration for other minerals exploration across BRL's entire Darling Range Tenements.

BRL applied for 2Mtpa ongoing 5 year project North Bindoon

Having sought and received advice from EPA on appropriate processes for approval, BRL has designed an approach intended for maximum public involvement in decision-making and public scoping. Structured 'conversations with the community' have been held to explain BRL's proposal before formal referral was made to EPA. A Bindoon Community Consultative Committee has been asked to assist in planning details of the proposal particularly after the first years.

Challenges faced by BRL

There has been a campaign against BRL. The thrust of the campaign has been environmental, commercial and quasi-legal. The campaign has attracted publicity and features of the campaign have included repeated complaints to regulatory agencies.

On 25 June 2010, BRL was notified that a litigation funder proposed to fund claims that current or former shareholders may have against BRL, in relation to BRL's October 2009 share placement. Since then, the litigation funder has not communicated further with BRL, and no legal proceedings have been commenced.

BRL has reviewed an outline of the funder's allegations which are said to support the potential claim. BRL's position is that the allegations are incorrect and misconceived in several respects and BRL does not consider that they provide a proper foundation for a sustainable shareholder claim against the company. BRL has outlined its response to the threatened action both on its website and in ASX releases.

The funder has said that it will fund litigation only if the estimated losses by shareholders who sign up with it are sufficient to make the proceedings commercially viable for the funder. Current and former shareholders may be contacted by the funder to seek to persuade them to sign up to a funding agreement. Shareholders may also expect to see further media reports repeating the allegations as the funder seeks to generate publicity for its cause.

BRL will keep shareholders informed of any developments, including the commencement of any proceedings or any announcement that the litigation funder no longer proposes to involve itself in any action.

Tenements

BRL has had a large expansion in its tenement applications. The Company has three defined project areas; the Darling Range project areas and two project areas in the North of Australia. The total square kilometres covered by Exploration Licences (ELs) in the Darling Range has more than doubled since June 2008.

As at 30 September 2010, the company has 120 ELs of which 13 have been granted in the Darling Range project area. BRL's total tenement package now covers over 26,829km^2 (including N.T. and Kimberley).

Mining and Environmental Approvals

At a Special Shire Council Meeting held at the Shire of Chittering offices on the evening of 25 November 2009, the Chittering Shire Council resolved to decline "planning approval" pursuant to the Shire's Local Government Town Planning Scheme for BRL's proposed Stage 2 Extractive Industries Bauxite Quarrying Licence, scheduled by BRL to commence operating at the end of the first quarter 2010. BRL had made application to the local government, Chittering Shire, for a commercial scale mining operation following its initial trial. The Shire determined that it was appropriate for the Environmental Protection Authority to consider this proposal, and elected not to provide planning approval at local government level.

In view of available contract conditions at the time, BRL chose to amend its application to EPA to seek approval for 6 months of mining to start July 2010. The EPA determined the proposal required a public environmental review (PER) which is a lengthy review. BRL subsequently appealed against the level of assessment but after consultation with the relevant government departments withdrew the mining proposal and the appeal against the level of assessment. BRL considers this was a 'line-in-the-sand time', and has set about a strategic approach to environmental approvals.

BRL have referred a new Bindoon Mining Project proposal to the EPA. The proposal is to mine 2 Mtpa of bauxitic ore over 10 properties that will be accessed through private landholder agreements. This ore will either be sold as direct shipping ore to China or sold locally as other products (e.g. gravel). The proposal has been referred to the EPA with the recommendation of a public process for assessment.

BRL recognises the need to balance the economic benefits of mining with the possible disturbance on local community. After extensive consideration, BRL estimated that 2 Mtpa is the volume of extraction that for the Bindoon North region provides the best balance of community benefits through continuity of the operation, employment and economic benefits, but causes minimal disturbance to the community.

BRL propose to use Minimal Impact Mining (MIM) methodology (see Figure 1). The initial five years of this operation will progress across the properties located north of Bindoon. The ore will be transported to a mobile crushing and screening plant located on the tenement. Following crushing and screening, export-quality ore is likely to be trucked along state highways and major transport routes to the Kwinana port for export. Non export-quality material (gravel etc.) will be available to local and regional commercial operations.

Departure of the Managing Director and senior mining staff

At 'line-in-the-sand' time it was accepted by BRL that economic and approval conditions dictated that there would be a delay in mining production. After careful consideration of strategies, and the Board reinforcing long term strategic directions, there was a parting with several senior staff.

COMPANY OVERVIEW

Company Vision: "To be a sustainable generator of economic and social prosperity to all stakeholders through the responsible development of resources"

Company Mission: "To become a global leader by value adding resources through:

- Innovation through our people and development of new technologies
- Maintaining high standards of quality in everything we do
- Demonstrating leadership in our approach to business
- Developing responsible long-term relationships"

BRL was launched in May 2006 to participate in the bauxite and alumina industries in Western Australia where four of the seven Australian alumina refineries and four of Australia's bauxite mines are located.

Darling Range bauxite

Approximately seven tonnes of Darling Range bauxite when refined using the Bayer process produces two tonnes of alumina, this in turn when smelted produces one tonne of aluminium.

The bauxite found throughout the Darling Range is a gibbsite ore, an aluminium hydroxide requiring lower temperatures and lower pressures for alumina refining; these lower energy requirements represent considerable lower energy costs.

Darling Range bauxite is also extremely low in reactive silica requiring lower caustic soda use for greater liberation of alumina again reducing refining costs.

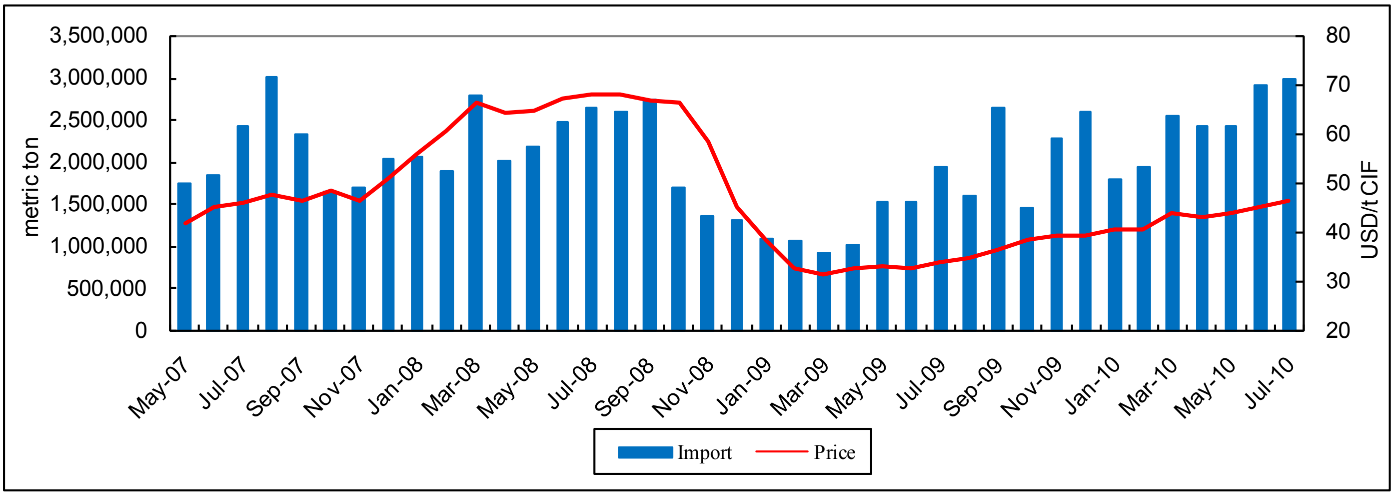
These distinctive properties make Darling Range alumina refineries amongst the lowest cost producing operations in the world and the main reason behind the ongoing interest for Darling Range bauxite.

Darling Range alumina industry

The Darling Range in the South West of Western Australia produces approximately 23% of the world's alumina. This area has mined bauxite and refined alumina since the 1960s and currently exports 12.3Mtpa earning West Australia $3.6billion in export revenue and accounting for 5% of the State's total export income.

The global financial crisis saw a sharp drop in global demand and prices for bauxite, alumina and aluminium. Increased inventory levels around the world saw a decrease in world alumina prices by 33% in 2009; as a consequence the value of alumina sales fell by 27% for the West Australian economy. (Source: WA Minerals and Petroleum Statistics Digest 2009)

Chinese Bauxite Import and Price(CIF to Chinese Port)



Source: Antaike report, September 2010

"The low-temperature Bayer technology is suitable for gibbsite. Most of China's bauxite resources are diasporite and can not use the low-temperature Bayer technology, which means that Chalco will increase import of bauxite from Australia and other overseas countries in the future" (Antaike report, October 2010)

China's economy sustaining growth

During the past three years China's GDP has grown by an estimated 40%. Demonstrated by facts such as:

- China added over 20,000 kilometres of new railway lines and expressways;
- China built another six major airports in 2009, bringing the national total to 166, with a further 78 planned by 2020;
- Annual auto production in China rose 56% reaching 14 million units, surpassing the USA. China is now the largest producer and consumer of motor vehicles. Without China, global levels of demand for autos would be near 30 year lows.

Last year China became Australia's largest export market; our two-way trade with China reaching $100 billion this year, almost double that of 2007.

The availability of quality Chinese bauxite is diminishing and as a result China is seeking more bauxite projects to accommodate its economic growth. Chinese imports of bauxite have increased since the troughs of the global financial crisis however prices still lag.

Darling Range bauxite marketing strategy

BRL is seeking to have project approvals and detailed field analysis in place in preparation for DSO bauxite when the price recovers.

BRL is targeting the Shandong Province (population 120 million) for its DSO North Darling Range bauxite operations. The province of Shandong itself has no reported bauxite, neighbouring provinces are protective of their own bauxite and China is reported to run out of bauxite reserves in 9 years. China is looking to BRL to help secure a long term reliable bauxite supply in a politically stable country relatively close in shipping terms to China.

The Shandong Province has five major alumina refineries importing approximately 25 million tonnes of bauxite per annum.

BRL has secured two strategic Chinese investors based in Shandong Province, Shandong No 1 Institute and Yankuang Coal, Electricity Generation and Aluminium Smelting Group. Between them they have invested approximately $20million in BRL and each have a seat on BRL's board.

Bauxite Marketing Progress

Memoranda of Understanding were signed with Hongfan Holdings Limited and JFE Shoji trade Corporation for 1.25Mtpa and 0.5Mtpa respectively. Samples from the Bindoon area were provided to several refineries for testing using their own laboratory facilities. The test results amongst the refineries were very consistent and indicated that one tonne of alumina could be recovered from approximately 2.6 tonnes of bauxite. This is very competitive compared to other major suppliers due primarily to the very low reactive silica content and trace amounts of boehmite in North Darling Range bauxite.

Hongfan Holdings extended their involvement with BRL by purchasing the bauxite ore produced as part of the trial exercise undertaken during the last half of 2009. Altogether three shipments totalling 128,647 tonnes departed Kwinana Bulk Terminal on 16 November 2009, 5 January and 5 February 2010. The results provided by China Certification and Inspection Corporation indicated that all shipments met the agreed contractual grade and materials specifications. Total alumina content for each shipment averaged 49%.

Research and development

Further enhancement of bauxite ore has been demonstrated to be possible through ongoing beneficiation testwork. This testing has indicated that a combination of magnetic separation and/or ultra-high pressure washing and screening provides a reasonable upgrade in terms of iron oxide and silica rejection for ore from northern tenements. Jigging testwork has shown potential to beneficiate southern tenement ore through the ability of the equipment to stratify within a relatively small density differential. Beneficiation will permit a significant improvement in reserve recovery and provide flexibility between mining for DSO and Refinery Grade ores. To assist with the testwork and analysis of samples, BRL formed an alliance with Nagrom Laboratories.

Secondary Processing

The intention of calcining bauxite is to increase value primarily by lowering the iron oxide content. Calcination testwork is reasonably well advanced at a level sufficient to conduct a proper business case analysis.

For the development of a metallurgical grade alumina refinery, various Bayer and non-Bayer technologies have been investigated. For technical and funding purposes we will now pursue modern Bayer technologies. The intellectual property for some of the non-Bayer work is currently being investigated.

Preliminary work with respect to identifying suitable refinery site locations is being integrated into the refinery development program. It is intended to "workshop" with the main providers of infrastructure, utilities and others with process synergies to initially reach a level of understanding of future plans and developments.

The Company projects involve planning for the implementation of a number logistical supply chains that are needed to support mining operations at several Darling Range regions to:

- suitable downstream processing sites and
- South West ports, for Direct Shipping Ore

All logistic requirements and options have had early involvement with the associated key infrastructure providers that operate and control road access, rail and the ports.

THE MINIMUM IMPACT MINING PROCESS AS PRACTISED AT NORTH BINDOON

Process

Extraction and Stockpiling

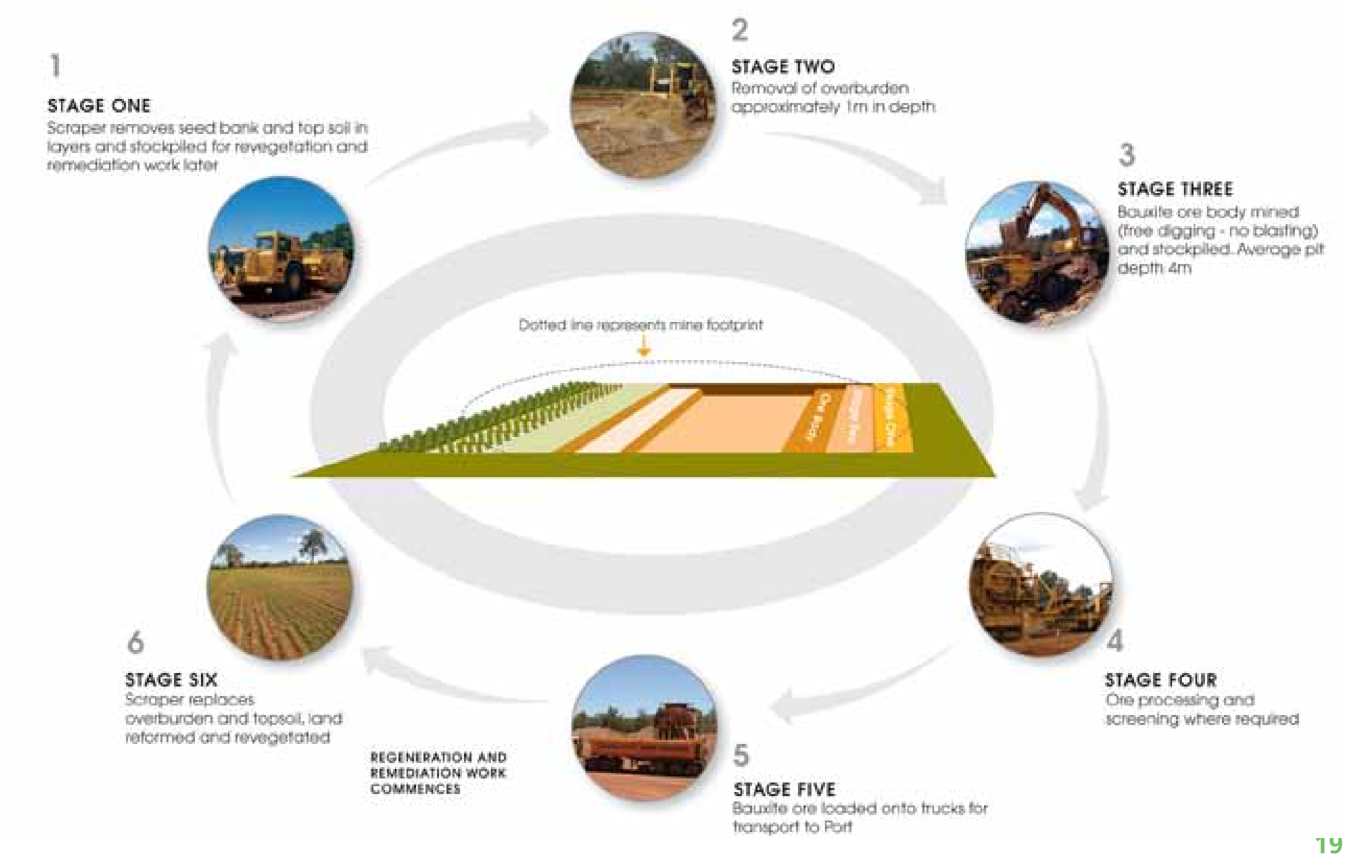
The majority of the proposed footprint for mining operations is currently, or has previously, been grazed by stock. Prior to construction of roads and infrastructure, the areas to be disturbed will be selectively cleared of vegetation. Clearing is done as a staged process to avoid issues relating to erosion (i.e. wind and water). Where possible any habitat trees identified in the pre-mining flora and fauna surveys will be left standing. Where possible any remnant vegetation and stumps or roots from the trees that have been cleared will be removed during the topsoil stripping operations.

After clearing, topsoil will be removed by scrapers and stockpiled for future use. As part of the stripping operations, the overburden material will also be removed by scrapers and stockpiled.

The stockpiles are located as close to the mine pits as possible to maximise noise absorption and reduce impact on surface drainage lines. Any stockpile that is to be left for extended periods will be stabilised or seeded to promote stabilisation of the stockpile by endemic grasses and shrubs.

Minimum Impact Mining (MIM) Process

(Figure 1)



1. *Bauxite extraction at north Bindoon trial operations*

2. *Bauxite ore loaded onto trucks for transport to railsiding*

3. *Bauxite ore loading for rail transport to Kwinana*

4. *Bauxite ore on conveyor system for ship loading at Kwinana*

5. *Darling Range bauxite ore ship loading*

6. *Darling Range bauxite ore loading in Kwinana, destined for Shandong province China*

Excavation

Excavators and dozers are used to extract the bauxite ore from the shallow discrete pods (approximately 5m in depth), each with an area less than 10 ha. BRL will not undertake any blasting as a means for excavation of the pits.

The material is hauled and stockpiled at a designated processing location within the project footprint. Once the bauxite has been extracted, the remaining overburden is placed back into the mined pit for commencement of rehabilitation and landforms as mining progresses.

It is expected that each pit will be mined and rehabilitated over a period of 12 – 24 months.

Processing

The processing of ore undertaken onsite may involve crushing and screening of the material to a sizing of 20mm. The process plant is likely to consist of a 2-stage crushing and screening circuit.

The final product is stacked onto product stockpiles. The plant has the capacity to process up to 2,000 tonnes per hour (tph) throughput. The proposed mining footprints include necessary haul roads and access to transport routes.

Pit Design and Staging

Each open pit operation will consist of a small shallow pit (approximately 5m in depth and less than 10 ha in size). Each pit will be a single open pit for the period of excavation.

Hours of Operation

Discussions with the community on options regarding the operating hours for the proposed Bindoon locations will be held during this EIA process.

Water Supply and Usage

Water is used for dust suppression. There may be future use of water to wash the bauxite (beneficiate) to improve ore quality, however this was not necessary in the trial. Water usage varies depending on amount of open area, amount of unsealed road, wind conditions and rainfall and amount of wet processing required. At this stage the preferred option is to truck in water, however it is possible that other options may be explored after more detailed water supply studies have been conducted as part of this EIA process. Water will be recycled where possible. The trial operation used 37 litres of water for every tonne of bauxite.

Decommissioning and Rehabilitation

Rehabilitation occurs as an integrated process throughout the mining operation. Following mining operations, each footprint will undergo rehabilitation works including landform reconstruction and complete revegetation. Pit floors will be deep-ripped to promote water infiltration, and then each pit wall will be battered appropriately. Once final contours have been achieved, overburden and topsoil will be spread evenly along the contour.

The area will then be revegetated with a mix of grazing pasture and/or native vegetation.

Recent revegetation works included reseeding of grass and clovers in addition to the planting of approximately 400 native trees and shrubs to replace the estimated 14 trees removed prior to operations.


CHITTERING
ROAD
BOARD

ENVIRONMENT AND COMMUNITY

Environmental Approvals

In August 2010, BRL applied to the EPA to mine 2Mtpa ongoing from farmland in north of Bindoon; identifying the area of interest for the first five years of the operation. BRL committed to a public level of assessment including a public scoping exercise for this operation. This means the local community have the opportunity to be involved in defining the issues that are desirable for assessment before BRL prepares final proposal documents.

Community Engagement

Community involvement is an integral component of the environmental and social aspects of any future development in the Darling Range region. With numerous mining and development activities throughout this region, the dissemination of information to stakeholders and their involvement in the decision-making process is vital in facilitating the progression of these developments. All community feedback is recorded, evaluated and appropriate action taken where required. Stakeholders are informed on the progress of the project and questions raised responded to. BRL public relations personnel actively participate in the consultation process.

Conversations with the community

BRL initiated "Conversations with the Community" commencing in Bindoon, these provide a public forum for community engagement, Bridgetown and with Local Government Authorities. Presentations and tours of the North Bindoon trial rehabilitation site occurred for the public and interested local government authorities. The company held the inaugural Bindoon Bauxite Shovelling Showdown at the Bindoon Agricultural Show and plan further community engagement activities.

Bindoon Community Consultative Committee

In May 2010, the Bindoon Community Consultative Committee (BCCC) was formed as an initiative suggested by the community at a public forum

"Conversations with Community" Public Forum Feb 2010

held by BRL. Members of the committee represent the local business community, local organisations and individuals to create open two way communications between the company and all sectors of the Bindoon community. BRL provide support for the Committee, but it will only be useful to the community and BRL if it continues to make its own views independent of BRL.

Supporting Local Communities

BRL's aim is to produce high standard outcomes for stakeholders through the responsible use of resources; strong stakeholder links which will have a positive lasting impact while delivering social benefits for BRL employees, shareholders and the wider community.

Government Engagement

BRL's key objective is to gain approval and consent to mine from the WA Government. BRL is working to establish a strong reputation with the WA Government by fostering relationships, regular engagement with key stakeholders and reaffirming BRL's sustainable long-term vision; providing concise, accurate and consistent information. Key elements include:

- Updates on the North Bindoon Mining Project
- Applications for conversion of Minerals to Owner to Minerals to Crown process
- Strategic development of a South West refinery
- Project infrastructure
- Support for Chinese investment in WA

2010 Perth Royal Show - Landcare and Conservation - BRL Showcase and Woylie Rescue

BRL Environment team tree planting on trial site, North Bindoon

BRL has appointed well regarded Government Public Relations firm GRA Everingham to provide professional services for government relations.

Investor Relations

Senior management will be engaging actively with brokers, analysts and fund managers with Professional Public Relations (PPR) who have been appointed to work with BRL on promoting the Company to shareholders and new investors in Australia. Share registry analysis and peer group analysis are to be undertaken to assist the investor targeting process.

Woylie Rescue - www.woylierescue.org.au

BRL have supported the cause of the endangered woylie since May 2008, in January this year the Woylie Rescue program was launched at Perth Zoo with an initial donation from BRL of $50,000. These funds have enabled Perth Zoo to facilitate disease investigation management in conjunction with the Department of Environment and Conservation's (DEC) Woylie Recovery Team. BRL continue fund raising efforts with displays planned at major agricultural shows.

Bindoon Agricultural Show - BRL bauxite shovelling competition

EXPLORATION PROGRAM

Combined Project Areas of 26,829km^2

Bauxite Resources has had a large expansion in its tenement applications. The total square kilometres covered by Exploration Licences (ELs) in the Darling Range has more than doubled since June 2008.

The Company has three defined project areas; the Darling Range project areas and two project areas in the North of Australia.

As at 30 September 2010, the company has 120 ELs of which 13 have been granted in the Darling Range project area. BRL's total tenement package now covers over 26,829km^2.

The Company has completed the historical data review and target generation phase and is now conducting reconnaissance mapping, rockchip sampling and vacuum drilling of targets in the Darling Range project area. During the 12 months to 30 June 2010, a total of 6,863 holes were drilled for 34,107 metres.

The exploration program objective is to define sufficient bauxite mineralisation to support the Company's current business objective of two main projects; a 2Mtpa mining operation in the Northern area, including DSO material, and broad scale investigation to establish ore reserves for an alumina refinery. The bauxite areas targeted by the Company include substantial areas of farmland for DSO, and for a refinery will include some forest areas that are scheduled for logging for timber.

BRL's highly experienced Land Resource team.

The Land Resource team is lead by Mr Peter Senini. He has over 40 years experience as a geologist in commodities including coal, uranium, gold, base metals and spent around 25 years with Alcoa, in the Darling Range location, in senior geological and mine planning positions and in bauxite evaluation throughout Australia, Asia and other international locations during this time.

Historical Data Review

The Company has reviewed the substantial volumes of historical data relating to exploration and drilling conducted by companies exploring for bauxite in the Darling Range including; CSR/Pacminex, Vam Ltd, Project Mining Corporation, Hancock and Wright, Bridge Oil Ltd, Alcoa and BHP.

This historical data goes back some 40 years being part of a concerted bauxite exploration campaign involving all of these companies, and in that regard, the various competitive project holdings were disjointed and fragmented with significant encroachments of Alcoa's State Agreement "leased area" at that time.

The team has electronically captured this data and digitally overlayed it onto BRL's tenements identifying numerous drill targets for both refinery feed and DSO.

Darling Range Ground now totals over 24,000km^2

Since listing in October 2007, and after gaining a detailed knowledge and understanding of the historical data following its electronic capture and interpretation, the Company has substantially increased its tenement holding from 6,731km^2 to 24,000km^2 in the Darling Range. The fresh applications have involved areas with any parameters that indicate bauxite potential exists, are close to existing infrastructure and include areas of the same land category as Alcoa's and BHP's current mining operations where the established environmental benchmarks have been set and can be similarly implemented. These areas allow the company a variety of choices as to selecting suitable mine sites with supporting infrastructure.

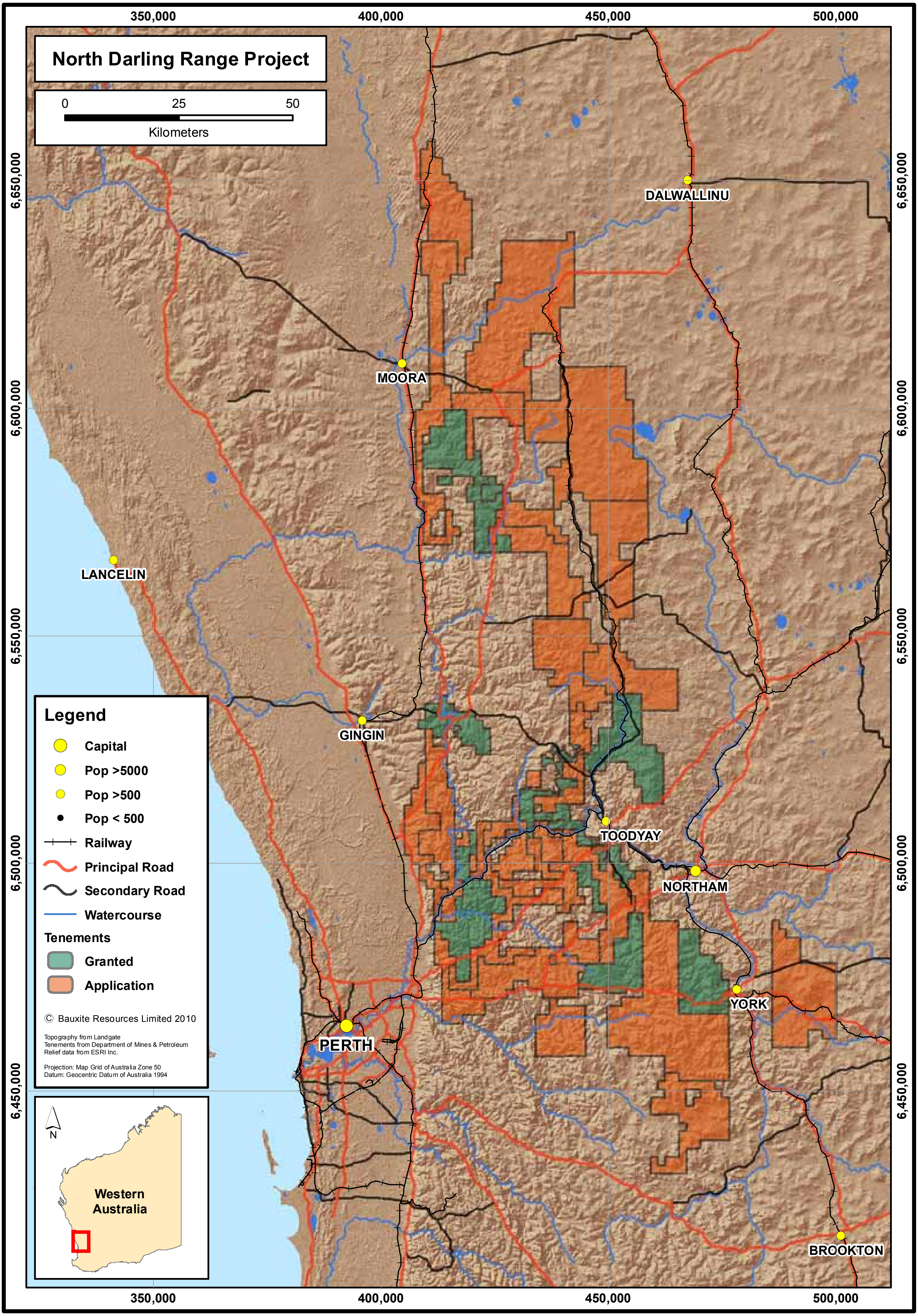

1
2
3
4

Target Generation

The target generation phase has moved to systematic drill out of defined targets in the North Darling Range. Drilling in the South Darling Range has commenced.

A number of Native Title Agreements relating to the areas have been successfully negotiated and a strategy has been implemented in conjunction with the Company's tenement management team to expedite the grant of priority applications and continued approaches to relevant landowners in all areas.

In respect of private land where landowners consent is necessary for exploration, 213 property consent agreements have been signed.



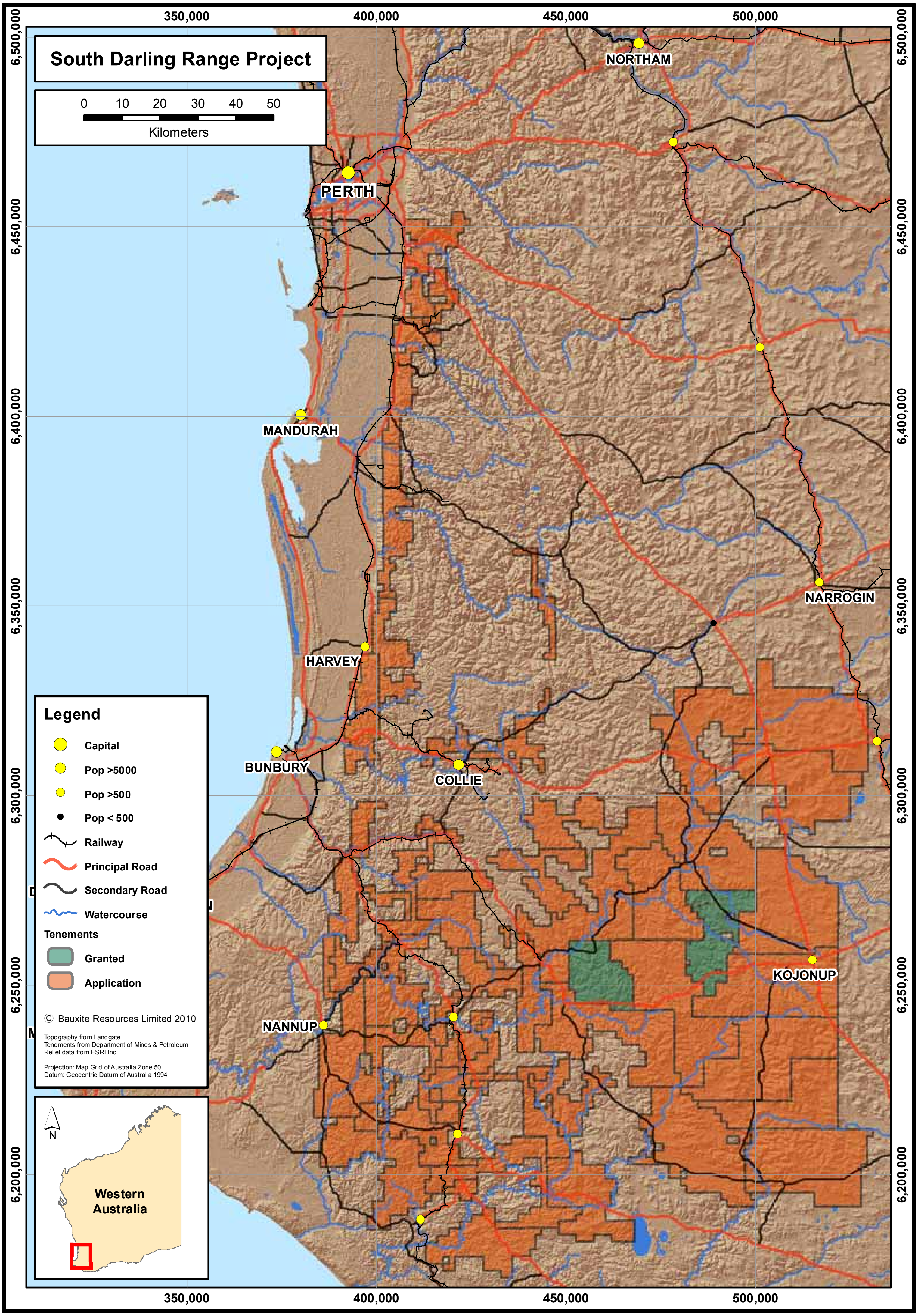
North Darling Range Project
0
25
50
Kilometers
350,000
400,000
450,000
500,000
6,650,000
6,600,000
6,550,000
6,500,000
6,450,000
DALWALLINU
MOORA
LANCELIN
GINGIN
TOODYAY
NORTHAM
YORK
PERTH
BROOKTON
Legend
Capital
Pop >5000
Pop >500
Pop < 500
Railway
Principal Road
Secondary Road
Watercourse
Tenements
Granted
Application
© Bauxite Resources Limited 2010
Topography from Landgate
Tenements from Department of Mines & Petroleum
Relief data from ESRI Inc.
Projection: Map Grid of Australia Zone 50
Datum: Geocentric Datum of Australia 1994
N
Western Australia

North Darling Range

39 ELs covering approx 6,447km²

Exploration has completed the digital capture of historical exploration data, continued reconnaissance mapping and rockchip sampling. Exploration and resource definition drilling consisted of 5659 holes for 29,127 metres (5,512 vacuum holes for 28,189m and 81 PQ diamond holes for 700.55m). 52 grade control holes (133.75m) were drilled in the trial pit during the trial mining operations.

This drilling consisted of first-pass drilling (100 metre by 100 metre) of the high-grade Hare's Hill and North Bindoon prospects through to grade control drilling of the trial pit on the Hare's Hill prospect. Drilling of these targets is ongoing and BRL continues to review other high-grade targets.


South Darling Range Project
0 10 20 30 40 50
Kilometers
350,000
400,000
450,000
500,000
6,500,000
6,450,000
6,400,000
6,350,000
6,300,000
6,250,000
6,200,000
NORTHAM
PERTH
MANDURAH
HARVEY
BUNBURY
COLLIE
NARROGIN
KOJONUP
NANNUP
Legend
Capital
Pop >5000
Pop >500
Pop < 500
Railway
Principal Road
Secondary Road
Watercourse
Tenements
Granted
Application
© Bauxite Resources Limited 2010
Topography from Landgate
Tenements from Department of Mines & Petroleum
Relief data from ESRI Inc.
Projection: Map Grid of Australia Zone 50
Datum: Geocentric Datum of Australia 1994
N
Western Australia

South Darling Range

58 ELs covering approximately 13,948km²

The South Darling Range covers large areas of ground adjoining Alcoa and Worsley Alumina's mineral leases and extends from Jarrahdale in the north to south of Manjimup.

The dual aims of the project are:

- to prove that sufficient refinery grade bauxite mineralisation is available for the BRL refinery project in the South West.
- DSO – identify suitable high grade deposits on private farmland within acceptable transport corridors to the Bunbury Port.

Although many prospective lateritic areas exist in the region, as defined by the Geological Survey of WA, previous exploration is limited. Information to cover land tenure, aerial photography, and detailed topographic coverage has been acquired. A land access strategy was developed, has been implemented and continues to facilitate access to prospective land.

Reconnaissance field trips have been undertaken to evaluate the private property target areas and assess the optimum process of evaluating Crown Land. Several lateritic caprock samples were collected and have been submitted for assay with encouraging results.

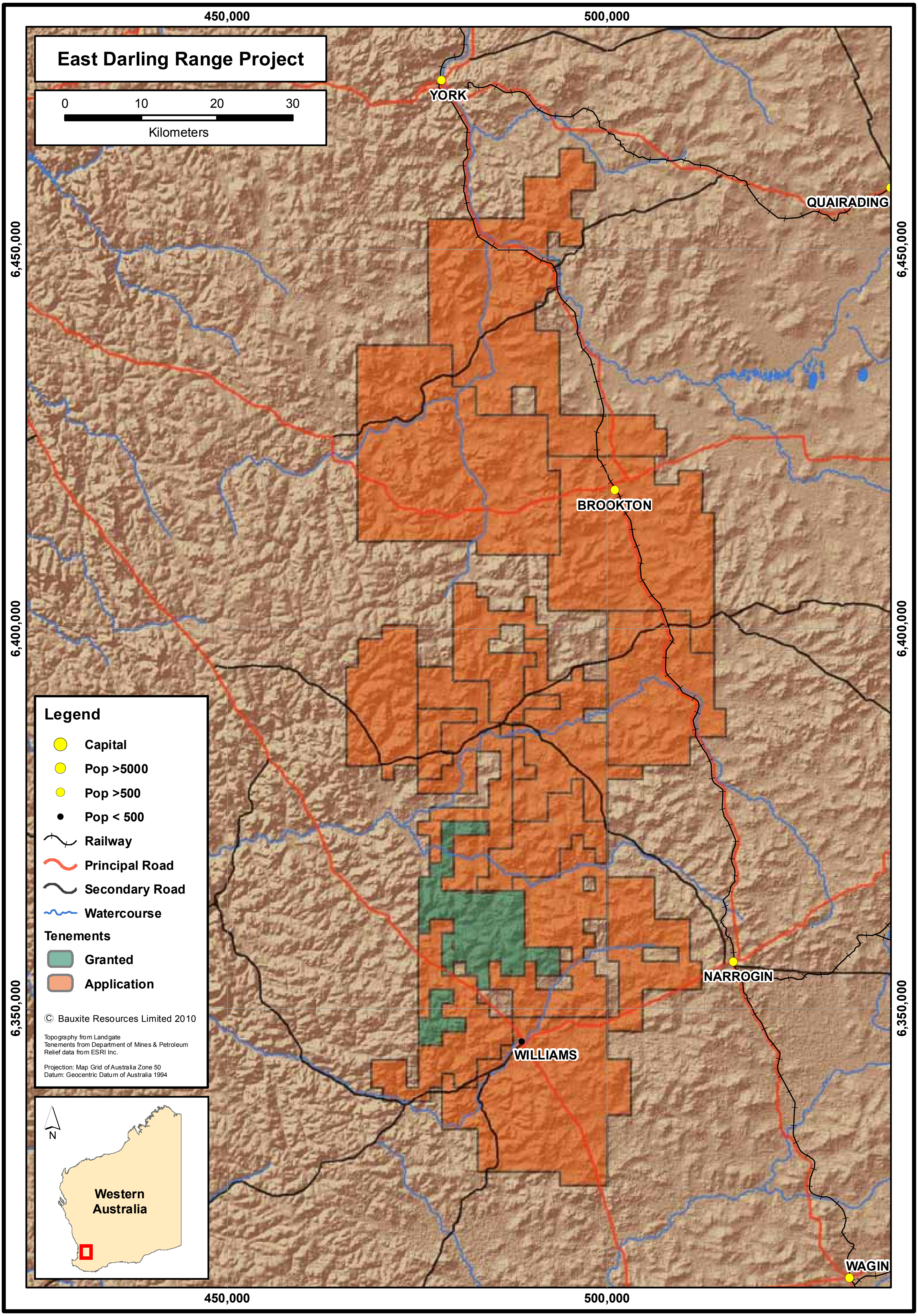
This together with the historical data has identified a number of priority target areas for drilling. Some restrictions on timing access to State Forest exist, however good planning to sequence private property and crown land activities should allow all year round exploration.

Two tenements within the South Darling Range have been granted. Programme of Work's (POW's) have been submitted to the Department of Minerals and Petroleum (DMP) for exploration drilling on private land within these tenements and approval to explore is expected shortly.

All data management and data manipulation requirements are in place with experienced personnel to use these. In addition, BRL has personnel in house with the required experienced and qualifications to undertake Resource/Reserve Estimation, Geostatistical, Mine Planning/ Mine Design and Technical investigations.

The proposed 2010-2011 program will target Inferred category resources suitable as feed grade for a refinery.

Work conducted during the year consisted of surface mapping and sampling, target generation and the drilling of 1,204 holes for 4,980 metres mainly in the Brunswick Junction region, but with some validation drilling carried out in the Blackboy Hollow and Shenton Ridge prospects.



East Darling Range Project
0
10
20
30
Kilometers
450,000
500,000
6,450,000
6,400,000
6,350,000
YORK
QUAIRADING
BROOKTON
NARROGIN
WILLIAMS
WAGIN
Legend
Capital
Pop >5000
Pop >500
Pop < 500
Railway
Principal Road
Secondary Road
Watercourse
Tenements
Granted
Application
© Bauxite Resources Limited 2010
Topography from Landgate
Tenements from Department of Mines & Petroleum
Relief data from ESRI Inc.
Projection: Map Grid of Australia Zone 50
Datum: Geocentric Datum of Australia 1994
N
Western Australia

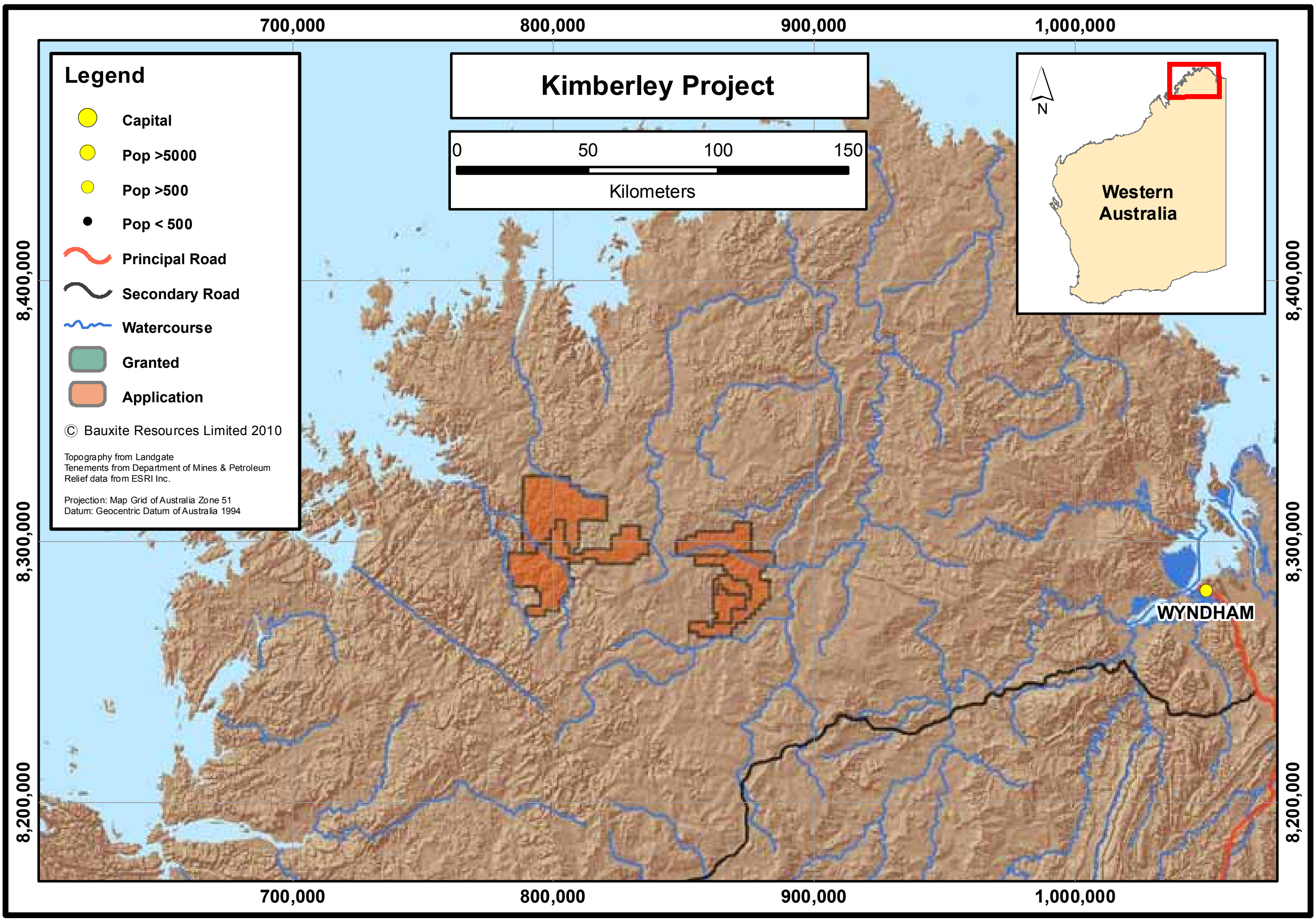
East Darling Range

14 ELs Covering Approximately 3,761km^2

The East Darling Range encompasses areas that lie to the east of the Alcoa and BHP Alumina State Agreement mineral leases east of Perth. This project covers large areas of broad-acre privately owned farmland in the vicinity of the Northam - Albany railway line providing potential access to the Albany Port.

The project area contains significant bauxite mineralisation identified by BHP in the 1960s and 1970s. BHP conducted exploration programs over part of the project area consisting of geological mapping, surface sampling and reconnaissance drilling. Reconnaissance mapping conducted by BRL confirms that remnant laterite occurs over much of the project area where historic drilling intersected substantial thicknesses of bauxitic laterite. Better intersections from historic drilling in the Williams region include 7.9m at 32.7% Available Al_2O_3 and 7.3m at 36.1% Available Al_2O_3.

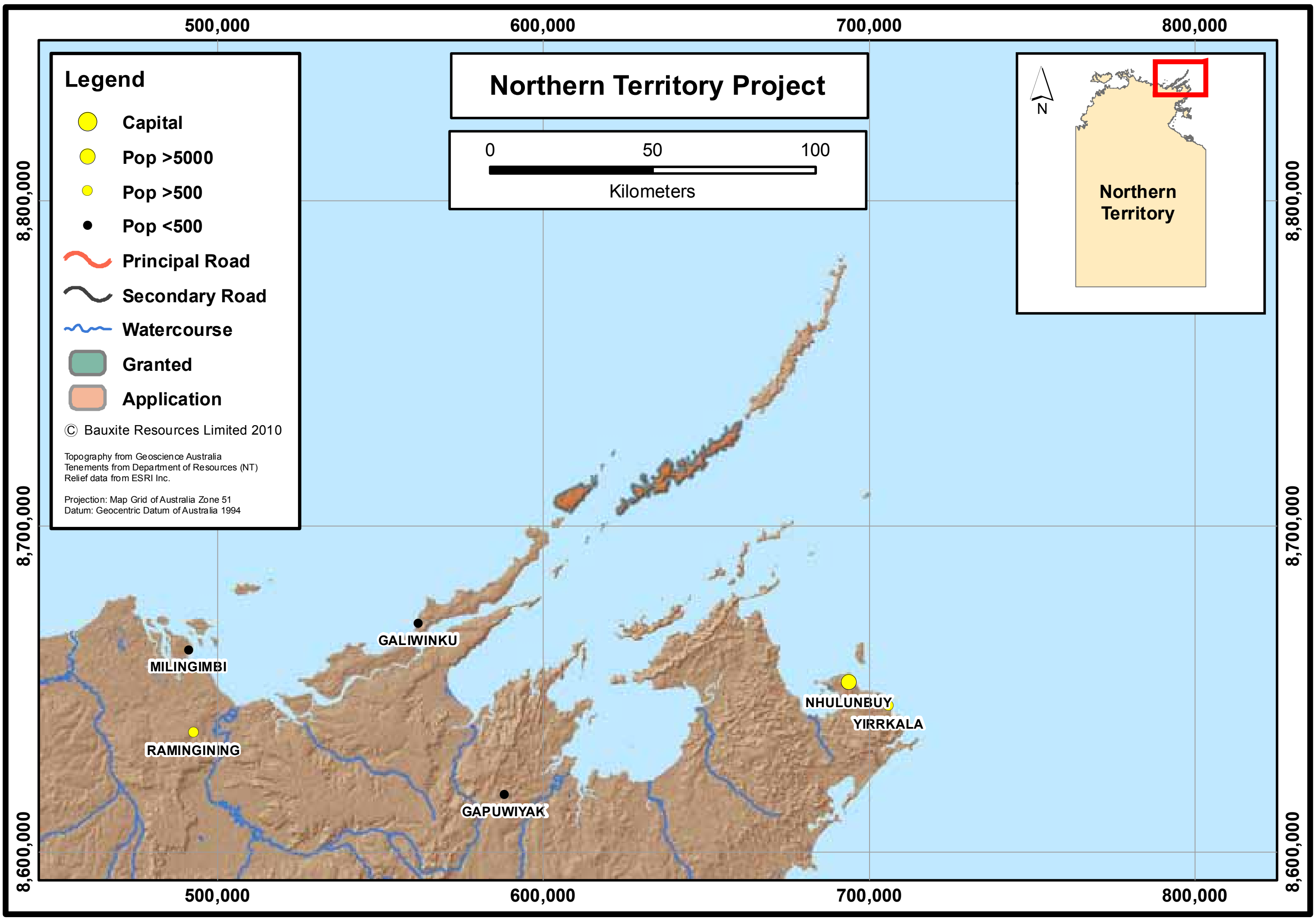
Current work is focused on surface mapping and sampling of targets followed by reconnaissance drilling subject to procurement of necessary regulatory approvals. Tenement granted (shown adjacent) (July 2010), land access activities are increasing and drilling will commence once POW's are submitted and approved.



Kimberley Project

6 ELs covering approximately 1,600km²

During 2010 financial year BRL acquired no further tenements within the Kimberley project. These tenements are for the Company's longer term staged business development. The present strategy is to focus on the Darling Range Project in the short term for establishment of a DSO operation, while securing tenure over highly prospective targets in the Kimberley.



Northern Territory Project

2 ELs covering approximately 390km²

BRL continues to hold applications totalling 122 blocks (393 square kilometres) over bauxitic laterite outcrops in the Northern Territory. These tenements are for the Company's longer term staged business development. The present strategy is to focus on the Darling Range Project in the short term for establishment of a DSO operation, while securing tenure over highly prospective targets elsewhere. As these tenements are located within Arnhem Land, negotiations with Traditional Owners, via the Northern Land Council, are being organised.

FINANCIAL STATEMENTS

BAUXITE RESOURCES LIMITED

ABN 72 119 699 982

Annual Financial Report

for the year ended 30 June 2010

BAUXITE RESOURCES LIMITED

Corporate Information

ABN 72 119 699 982

Directors

Barry Carbon (Non Executive Chairman)

Luke Atkins (Non Executive Director)

Ding Feng (Non Executive Director)

Yan Jitai (Non Executive Director)

Neil Lithgow (Non Executive Director)

Robert Nash (Non Executive Director)

David McSweeney (Non Executive Director)

Company Secretary and Chief Financial Officer

Paul Fromson

Registered Office

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Facsimile: +61 8 9200 6399

Solicitors

Steinepreis Paganin

Level 4, The Reid Buildings

16 Milligan Street

PERTH WA 6000

Bankers

Australia and New Zealand Banking Group Limited

7 / 77 St Georges Terrace

PERTH WA 6000

Share Register

Security Transfer Registrars Pty Ltd

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APPLECROSS WA 6153

Telephone: (08) 9315 2333

Facsimile: (08) 9315 2233

Auditors

Moore Stephens

Level 3, 12 St George's Terrace

PERTH WA 6000

Internet Address

http://www.bauxiteresources.com.au

Securities Exchange Listing

Bauxite Resources Limited shares (ASX code: BAU) are listed on the Australian Securities Exchange.

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 2010.

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

Barry Carbon AM ATSE, FEIANZ, MSc (Non Executive Chairman, Acting Chief Executive Officer)

Mr Carbon is a member of the Order of Australia, fellow of the Academy of Technological Sciences and Engineering, has a Masters degree in Agricultural Science, a degree in Biochemistry, a member of the Institute of Company Directors and was previously the longest serving chair and CEO of the Western Australian Environmental Protection Authority. He received a centenary medal for services to government, and in 2008 was presented the medal for the International Association of Impact Assessment.

Mr Carbon's experience includes: Chairman of the WA Waste Water Authority; Chief Executive of the Ministry for the Environment, New Zealand; Director General-Queensland Department of Environment and Heritage; Director General-Queensland Environment Protection Agency; Executive Director, EPA, Commonwealth of Australia; The Supervising Scientist, Alligator Rivers Region; Chairman and Commonwealth Representative, National Environment Protection Council Committee and served on the Environmental Protection Authority of Western Australia as Chairman from 1985 – 86 and as Chairman and Chief Executive from 1986-93.

He is a director of the Australian Sustainable Development Institute and Principal of Barry Carbon and Associates.

Mr Carbon's career started as a scientist with CSIRO where he became a research programme leader. In his subsequent five years he led environmental activities for Alcoa of Australia

Luke Atkins LLB (Non Executive Director)

Mr Atkins is a lawyer by profession and was previously 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 a director of ASX listed Australian Minerals Mining Group Ltd and has interests in a number of enterprises including agriculture, property development and hospitality. Mr Atkins was a former director of Reclaim Industries Limited in the last 3 years.

Ding Feng (Non Executive Director, appointed 24 August 2010)

Mr Ding is the General Manager of Shandong No.1 Institute of Geology and Minerals Exploration (SDGM) which is a substantial shareholder in Bauxite Resources Ltd. He has a Bachelor in Geophysical Exploration and post graduate qualifications in Business Management. Mr Ding is a long standing senior executive with SDGM and has held a variety of senior positions with SDGM in geological and technical roles as well as management of over 1,100 employees.

Yan Jitai (Non Executive Director, appointed 25 February 2010)

Mr Yan is a long standing senior executive of Yankuang Group Corporation (Yankuang) with over 40 years experience in mechanical engineering, coal mining, power generation and aluminium smelting. Mr Yan is currently the General Manager of the Electricity and Aluminium Branch of Yankuang. Yankuang is a substantial shareholder of Bauxite Resources Ltd.

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

Mr Lithgow is a geologist by profession with over 20 years experience in mineral exploration, economics and mining feasibility studies covering base metals, coal, iron ore and gold. Mr Lithgow has previously worked for Aquila Resources Limited, Eagle Mining Corporation and De Grey Mining Limited.

Mr Lithgow is a non-executive director of Aspire Mining Limited 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 former listed company directorships in the last 3 years.

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

Mr Nash is a lawyer by profession and currently practises as a barrister. He was a council member of the Law Society of Western Australia for 7 years, a Convenor of the Law Society Education Committee and a member of the Ethics and Professional Conduct Committees. Mr Nash has been a local government councillor and is a member of the

Western Australian Navy Legal Panel. Mr Nash has been a director of a number of companies involved in the areas of property development and intellectual property.

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

David McSweeney LLB MAusIMM (Non Executive Director)

Mr McSweeney holds a Bachelor of Law Degree and is a member of the Institute of Company Directors. He has over 20 years experience in the resource sector ranging from exploration to project management, project finance, commercial and legal structuring and corporate development. A founder of Gindalbie Metals, Mr McSweeney was the Managing Director from 1998 to December 2006 and oversaw the discovery and commissioning of two successful gold production centres.

Mr McSweeney is currently executive chairman of ASX Listed Avalon Minerals Limited, a non-executive director of Aspire Mining Limited and has been a former director of Dynasty Metals Limited and Gindalbie Metals Limited within the last 3 years.

Daniel Tenardi (Managing Director, resigned 31 May 2010)

Meng Xiangsan (Non Executive Director, appointed 7 August 2009, resigned 24 August 2010)

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Bauxite Resources Limited were:

	Ordinary Shares	Options over Ordinary Shares
Luke Atkins	17,041,667	3,000,000
Barry Carbon	-	-
Ding Feng	-	-
Yan Jitai	-	-
Neil Lithgow	19,366,666	3,000,000
David McSweeney	527,500	6,000,000
Robert Nash	254,900	750,000

COMPANY SECRETARY

Paul Fromson, BCom, CPA, DipCM, ACIS, (appointed 18 December 2008)

Paul Fromson is a finance professional with over 15 years experience in accounting and company administration for ASX Listed Companies involved in mining and exploration. He graduated from University of Western Australia with a Bachelor of Commerce and is a member of both the Certified Practising Accountants of Australia and the Institute of Chartered Secretaries and Administrators. Mr Fromson is also a licensed Tax Agent and was formerly a licensed Finance Broker having previously run businesses in both these areas. Mr Fromson has previous experience in the aluminium industry having worked for a part owner of the Worsley Alumina Refinery and Boddington Gold Mine in Western Australia and the Boyne Aluminium Smelter in Queensland.

REVIEW OF OPERATIONS

Principal activities

During the year, the Company carried out exploration on its tenements and applied for or acquired additional tenements with the objective of identifying economic bauxite deposits. The Company signed agreements with the Shandong Bureau of Mineralogy and Geology to further exploit its tenements and to explore for minerals other than bauxite.

The Company commenced shipping of bauxite during the year with three trial shipments of bauxite exported to Chinese customers. The Company is awaiting further environmental approvals before it can recommence shipping operations.

The Company also advanced its bankable feasibility study for an alumina refinery in the south-west of Western Australia after it signed a Heads of Agreement with a large international Chinese company in Yankuang Group Corporation Ltd.

There was no significant change in the nature of the Group's activities during the year.

Dividends

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

Finance Review

The Group ended the financial year with a cash reserve of $54,403,925. Bauxite Resources Limited raised $57 million through a public placement of 60 million shares to institutional investors and an additional $9.85 million through the issue of 19.7 million ordinary shares at 50 cents each via a private placement to Yankuang Group Corporation Ltd. Staff exercised 1,991,668 unlisted options at between 20-50 cents each raising a further $667,209.

The Company allotted and issued unlisted options to a director and staff as follows.

Recipient	Date options issued	Expiry date	Exercise price (cents)	Number of options
Staff	10 July 2009	30 June 2012	40	300,000
Staff	10 August 2009	30 June 2012	50	700,000
Managing Director*	13 November 2009	30 November 2013	90	2,000,000
Managing Director*	13 November 2009	30 November 2013	110	2,000,000
Staff	10 February 2010	30 June 2012	100	3,750,000

*All options issued to the Managing Director were forfeited prior to any vesting conditions being complete.

The Group has recorded an operating loss after income tax for the year ended 30 June 2010 of $17,715,689 (2009: $5,145,954 loss).

At 30 June 2010 funds available totalled $54,403,925.

Operating results for the year

Summarised operating results are as follows:

	2010	
	Revenues $	Results $
Consolidated entity revenues and loss from ordinary activities before income tax expense	5,070,037	(17,715,689)

Shareholder Returns

	2010	2009
Basic earnings per share (cents)	(8.78)	(4.4)

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 CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows:

- A private placement of 19.7 million shares at $0.50 each to raise $9.85 million was completed on 25 January 2010.
- A placement of 60 million shares to institutional and sophisticated investors at $0.95 each to raise $57 million

- The Company completed three trial shipments of bauxite to Chinese customers. The Company is awaiting further environmental approvals before it can recommence mining and shipping operations. Development costs associated with the trial mining operation have been written off.
- The aluminium, alumina and bauxite markets in general were weak and in particular bauxite prices have failed to recover to levels seen before the Global Financial Crisis.
- The Company's share price has weakened considerably since the large placement to institutional and sophisticated investors in November 2009. This is likely as a result of a number of setbacks for environmental approvals, the lack of commencement in commercial levels of direct shipping operations, which would not be profitable whilst prices are so depressed and the impact of campaigns against the Company by a litigation funder.
- Overall the Company's cash position improved significantly to over $54 million cash on hand at the end of the year.
- The Company purchased equipment and property to facilitate the mining project at a cost of approximately $6million.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Bauxite Resources Ltd signed, on the 24th September 2010, a further Heads of Agreement with its long term Chinese partner, Yankuang Corporation ("Yankuang"), to complete a bankable feasibility study for the design and construction of a modern refinery in the southwest of Western Australia to refine Darling Range bauxite into alumina. The further Heads of Agreement requires shareholder and regulatory approval.

The refinery approximate design capacity will be 1.1 million tonnes per annum (mtpa) of alumina which will require approximately 3.5mtpa of bauxite. The Company and Yankuang propose that construction will be commenced within 5 years subject to a bankable feasibility study, site selection, environmental and regulatory approvals.

Under the terms of the binding heads of agreement, Yankuang has agreed to fund 91% of the refinery's construction costs in return for receipt of 70% of the alumina product, with Bauxite Resources Ltd owning / receiving rights to the remaining 30% of alumina.

Bauxite Resources Ltd will pay for the remaining 9% of construction costs and will receive assistance from Yankuang to arrange financing. Yankuang will also off-take half of Bauxite Resources Limited's share of alumina production upon terms to be agreed.

Under the agreement, Yankuang becomes eligible for 70% of Bauxite Resources Limited's Darling Range bauxite rights (except for 1000km² of the Company's Tenements, contained in a separate agreement with the Shandong No.1 Institute of Geology and Minerals Exploration). Any direct use of bauxite for non-refining purposes that is commenced within 3 years will have an allocation split of 51% to Bauxite Resources Ltd and 49% to Yankuang.

In addition, Yankuang has agreed to refund to the Company 70% of previous tenement / exploration costs. Yankuang will also contribute 70% to the cost of future tenement / exploration costs. Should refinery construction not commence within 5 years, the Company will have the option to acquire back 21% of the bauxite rights at that time to restore the Company's 51% and Yankuang's 49% ownership. This option will be at cost plus 15% incurred by Yankuang in respect of that 21% interest.

A bankable feasibility study will also be carried out alongside the strategy to design and build the alumina refinery. It is now proposed that leading design agencies and consultancies based in China and Australia will be utilised for the bankable feasibility study. This bankable feasibility study will require all the necessary approval processes with Yankuang contributing 90% to the cost and the Company contributing 10%.

There has not been any other event that has arisen since 30 June 2010 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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group is conducting a feasibility study into developing an Alumina Refinery in the south-west of Western Australia and signed a Heads of Agreement with Yankuang Group Corporation Ltd, on 24th September 2010, covering capital, exploration costs and feasibility study costs. The Company expects the Heads of Agreement to be progressed into formal binding agreements in the near future. The Company continues its exploration program for both export and refinery grade bauxite.

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.

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** Details of remuneration
- **C** Service agreements
- **D** Share-based compensation
- **E** Additional information

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

Remuneration Policy

The remuneration policy of Bauxite Resources Limited 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 of Bauxite Resources Limited 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 Group.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group 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 length of service and experience) and superannuation. 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 executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.
- All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options are valued using the Black Scholes 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 $250,000). Fees for non executive directors 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.

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

No relationship exists between shareholder wealth, director and executive remuneration and Company performance. The table below shows the gross revenue, losses and earnings per share for the current and prior year.

	2010 $	2009 $
Revenue	5,070,037	442,619
Net profit/(loss)	(17,715,689)	(5,145,954)
Earnings per share (cents)	(8.78)	(4.4)

B 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 pages 3 and 4 above. The Non Executive Chairman (in his acting role of Chief Executive Officer) has full authority and responsibility for planning, directing and controlling the activities of the Group. 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.

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

	Short-Term	Post Employment	Share-based Payments		Total		
	Salary & Fees	Non Monetary	Superannu-ation	Retirement benefits	Options	Termination Benefits	
	$	$	$	$	$	$	$
Directors							
Luke Atkins							
2010	**295,800**	-	-	-	-	-	**295,800**
2009	291,123	-	-	-	-	-	291,123
Barry Carbon (appointed 16 November 2009)							
2010	**174,765**	-	**3,440**	-	-	-	**178,205**
2009	-	-	-	-	-	-	-
Yan Jitai (appointed 25 February 2010)							
2010	**16,667**	-	-	-	-	-	**16,700**
2009	-	-	-	-	-	-	-
Neil Lithgow							
2010	**39,999**	-	**3,600**	-	-	-	**43,599**
2009	30,000	-	2,700	-	-	-	32,700
David McSweeney							
2010	**39,999**	-	**3,600**	-	**155,867**	-	**199,466**
2009	30,000	-	2,700	-	267,200	-	199,599
Robert Nash							
2010	**189,999**	-	**3,600**	-	-	-	**193,599**
2009	12,500	-	20,200	-	-	-	32,700
Daniel Tenardi (resigned 31 May 2010)							
2010	**1,114,277**	-	**49,497**	-	-	**250,000**	**1,413,774**
2009	264,995	-	23,850	-	40,553	-	329,398
Meng Xiansan							
2010	**36,667**	-	-	-	-	-	**36,667**
2009	-	-	-	-	-	-	-
Staff & Consultants							
Paul Fromson (appointed 18 December 2008)							
2010	**271,615**	-	**24,600**	-	**30,023**	-	**326,238**
2009	71,992	-	-	-	8,633	-	80,625
Graeme Smith (resigned 18 December 2008)							
2010	-	-	-	-	-	-	-
2009	43,694	-	-	-	-	-	43,694
Total key management personnel compensation							
2010	**2,179,787**	-	**88,337**	-	**185,890**	**250,000**	**2,704,014**
2009	744,304	-	49,450	-	316,386	-	1,110,140

C Service agreements

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

Robert Nash

- Term of agreement – 3 years commencing 1 August 2009.
- Monthly retainer fee of $15,000 for providing legal counsel and advice to the Company as and when requested.

Barry Carbon

- Term of agreement – 1 year commencing 16 November 2009 with the option of extension upon mutual agreement.
- Annual consultancy fee of $250,000 to be paid to Barry Carbon & Associates, a company controlled by Mr Carbon for advice and implementation on the environmental strategy of the Company and managing operational functions relating to environmental approvals.
- An additional $50,000 shall be paid upon successful completion of 12 months service. Note, that this agreement is currently suspended whilst Barry Carbon is Acting Chief Executive Officer.

Luke Atkins, Executive Chairman:

- Term of agreement – 2 years commencing 22 October 2007.
- Annual consultancy fee of $286,000 to be paid to Executive Mining Personnel Pty Ltd, a company controlled by Mr Atkins.
- This agreement expired in October 2009 but was continued on a month but month requirement until being terminated on30 June 2010.

Daniel Tenardi

- Term of agreement was for 3 years commencing 8 September 2008.The agreement was terminated early on 31 May 2010.

D Share-based compensation

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of Bauxite Resources Limited to increase goal congruence between executives, directors and shareholders. 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 options were granted to or vesting with key management personnel during the past 2 years:

	Grant Date	Granted Number	Vested Number as at 30 June 2010	Date vesting or vested and exercisable	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Exercised Number	% of Remuneration
Directors									
Daniel Tenardi*	19/12/2008	2,000,000	1,333,334	One third each year on anniversary of grant	30/11/2013	35-55	2.0	666,668	12.3%
David McSweeney	18/01/2008	2,000,000	2,000,000	18/01/2008	15/05/2012	25	17.9	Nil	72.9%
David McSweeney	18/01/2008	4,000,000	4,000,000	06/02/2010	15/05/2012	40	13.4	Nil	22.7%
Staff & Consultants									
Paul Fromson	19/03/2009	100,000	100,000	19/03/2009	30/06/2012	30	2.9	100,000	10.7%
Paul Fromson	10/08/2009	700,000	235,000	235,000 on grant date, 235,000 on 30 June 2010 and 230,000 on 30 June 2011	30/06/2012	50	12.8	200,000	9.2%

*Daniel Tenardi was also granted 2,000,000 options exercisable at 90 cents and 2,000,000 options exercisable at 110 cents however these were forfeited prior to any vesting conditions being satisfied and therefore, no expense has been applied to these issues. There were no ordinary shares issued upon exercise of remuneration options to directors or other key management personnel of Bauxite Resources Limited during the year.

E Additional information

Performance income as a proportion of total compensation

Under the terms of the Employment Agreement of the former Managing Director, Mr Daniel Tenardi, a performance based incentive payment of $750,000 was paid on the first shipment of bauxite under the Company's trial direct shipping operation. This was paid in November 2009.

DIRECTORS' MEETINGS

During the year the Company held 9 meetings of directors. The attendance of directors at meetings of the board were:

	Directors Meetings	
	A	B
Luke Atkins	9	9
Barry Carbon (appointed 16 November 2009)	8	8
Yan Jitai (appointed 25 February 2010)	1	4
Neil Lithgow	6	9
David McSweeney	9	9
Robert Nash	8	9
Daniel Tenardi (resigned 31 May 2010)	8	8
Meng Xiangsan	1	8

Notes

A – Number of meetings attended.

B – Number of meetings held during the time the director held office during the year.

Mr Ding was appointed a director after the year end of the year.

SHARES UNDER OPTION

As at 30 June 2010 there were 21,183,332 options issued which remain outstanding.

	Number of options
Beginning of the financial year	**21,795,000**
Issued during the year:	
• Exercisable at 90 cents, on or before 30 November 2013	**2,000,000**
• Exercisable at 110 cents, on or before 30 November 2013	**2,000,000**
• Exercisable at 40 cents, on or before 30 June 2012	**300,000**
• Exercisable at 50 cents, on or before 30 June 2012	**700,000**
• Exercisable at 70 cents, on or before 30 June 2012	**500,000**
• Exercisable at 100 cents, on or before 30 June 2012	**3,750,000**
Exercised, cancelled or expired during the year:	
• Exercisable at 35 cents, on or before 30 November 2013	**(666,668)**
• Exercisable at 90 cents, on or before 30 June 2013	**(2,000,000)**
• Exercisable at 110 cents, on or before 30 June 2013	**(2,000,000)**
• Exercisable at 25 cents, on or before 30 June 2012	**(225,000)**
• Exercisable at 30 cents, on or before 30 June 2012	**(750,000)**
• Exercisable at 35 cents, on or before 30 June 2012	**(150,000)**
• Exercisable at 40 cents, on or before 30 June 2012	**(300,000)**
• Exercisable at 50 cents, on or before 30 June 2012	**(470,000)**
• Exercisable at 70 cents, on or before 30 June 2012	**(500,000)**
• Exercisable at 100 cents, on or before 30 June 2012	**(1,550,000)**
• Exercisable at 20 cents, on or before 31 May 2012	**(1,250,000)**
End of the financial year	**21,183,332**

SHARES UNDER OPTION (CONTINUED)

Date options issued	*Expiry date*	*Exercise price (cents)*	*Number of options*
10 May 2007	31 May 2012	20	7,750,000
6 Feb 2008	15 May 2012	25	2,000,000
6 Feb 2008	15 May 2012	40	4,000,000
19 December 2008	30 November 2013	45	666,666
19 December 2008	30 November 2013	55	666,666
19 March 2009	30 June 2012	25	300,000
19 March 2009	30 June 2012	35	350,000
19 March 2009	30 June 2012	30	2,720,000
29 May 2009	30 June 2012	35	300,000
10 August 2009	30 June 2012	50	230,000
10 February 2010	30 June 2012	100	2,200,000
Total number of options outstanding at the date of this report			21,183,332

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

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 involving:

(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 $34,050.

NON-AUDIT SERVICES

The following nonaudit services were provided by the entity's auditor, Moore Stephens or associated entities. The directors are satisfied that the provision of nonaudit 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 nonaudit services:

	2010 $	2009 $
Due Diligence	13,645	Nil
Taxation services	24,826	2,158

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 13.

Signed in accordance with a resolution of the directors.

Barry Carbon
Chairman
Perth, 29 September 2010

MOORE STEPHENS

Partners

Syd Jenkins
Neil Pace
Dino Travaglini
Ray Simpson
Suan-Lee Tan
Ennio Tavani

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 2010, 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

NEIL PACE
PARTNER

Moore Stephens

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 29th day of September 2010.

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BAUXITE RESOURCES LIMITED

CORPORATE GOVERNANCE STATEMENT

The Board of Directors

The Company's constitution provides that the number of directors shall not be less than three and not more than nine. There is no requirement for any share holding qualification.

As and if the Company's activities increase in size, nature and scope the size of the board will be reviewed periodically, and as circumstances demand. The optimum number of directors required to supervise adequately the Company's constitution will be determined within the limitations imposed by the constitution.

The membership of the board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the board shall include quality of the individual, background of experience and achievement, compatibility with other board members, credibility within the Company's scope of activities, intellectual ability to contribute to board's duties and physical ability to undertake board's duties and responsibilities.

Directors are initially appointed by the full board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act 2001, the board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The Company has two special committees being a remuneration committee and an audit committee.

Role of the Board

The board's primary role is the protection and enhancement of longterm shareholder value.

To fulfil this role, the board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

The board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mineral exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

ASX Principles of Good Corporate Governance

The board has reviewed its current practices in light of the Second Edition ASX Corporate Governance Principles and Recommendations with a view to making amendments where applicable after considering the company's size and the resources it has available.

As the company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

The board has adopted early the revised Recommendations and the following table sets out the company's present position in relation to each of the revised Principles.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

	ASX Principle	Status	Reference/comment
Principle 1:	**Lay solid foundations for management and oversight**		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	A	Matters reserved for the Board are included on the Company's website.
1.2	Companies should disclose the process for evaluating the performance of senior executives	A	The remuneration of executive and non-executive directors is reviewed by the board with the exclusion of the Director concerned. The remuneration of management and employees is reviewed by the Board and approved by the Chairman. Acting in its ordinary capacity, the Board from time to time carries out the process of considering and determining performance issues including the identification of matters that may have a material effect on the price of company securities. Whenever relevant, any such matters are reported to ASX
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	A	
Principle 2:	**Structure the board to add value**		
2.1	A majority of the board should be independent directors	A	
2.2	The chair should be an independent director	A	An independent Chairman was appointed in November 2009, however, due to the sudden resignation of the Managing Director on 31 May 2010, the Chairman is currently acting as CEO.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	A	
2.4	The board should establish a nomination committee	N/A	The nomination committee shall comprise of the full Board. Acting in its ordinary capacity from time to time as required the Board carries out the process of determining the need for screening and appointing new directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to the process.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	A	The remuneration of executive and non executive directors is reviewed by the Board with the exception of the director concerned.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	A (in part)	The skills and experience of Directors are set out in the Company's Annual Report and on its website.

A = Adopted *N/A = Not adopted*

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

	ASX Principle	Status	Reference/comment
Principle 3:	**Promote ethical and responsible decisionmaking**		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	A	The company has formulated a Code of Conduct which can be viewed on the company's website under Corporate Governance Policies.
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy	A	The company has formulated a Securities Trading Policy, which can be viewed on its website.
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3	A	
Principle 4:	**Safeguard integrity in financial reporting**		
4.1	The board should establish an audit committee	A	The Company has established an audit committee which comprises only non-executive directors. The charter for this committee is disclosed on the Company's website.
4.2	The audit committee should be structured so that it:		
	• consists only of nonexecutive directors	A	
	• consists of a majority of independent directors	A	
	• is chaired by an independent chair, who is not chair of the board	A	
	• has at least three members	A	
4.3	The audit committee should have a formal charter	A	
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	A	
Principle 5:	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	A	The company has formulated a Continuous Disclosure Policy, which can be viewed on its website.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	A	

A = Adopted *N/A = Not adopted*

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

	ASX Principle	Status	Reference/comment
Principle 6:	**Respect the rights of shareholders**		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	A	The Company has formulated a Shareholders Communication Policy which can be viewed on the Company website.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	A	
Principle 7:	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	A	The Company has formulated a Risk Management and Internal Compliance & control Policy which can be viewed on its website.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	A	
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	A	The Board has received the required assurance and declaration.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	A	
Principle 8:	**Remunerate fairly and responsibly**		
8.1	The board should establish a remuneration committee	A	The Company has established a Remuneration Committee Charter which can be viewed on its website.
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	A	
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8	A	Refer to the Remuneration Report in the Company's Annual Report.

A = Adopted *N/A = Not adopted*

STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2010	Notes	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		$	$	$	$
Sales revenue	3	**2,754,787**	-	**-**	-
Interest income	3	**2,169,116**	442,619	**2,169,116**	442,619
Other income	3	**146,134**	-	**184,676**	-
Cost of sales		**(8,032,047)**	-	**-**	-
Employee benefits expense		**(3,398,081)**	(880,873)	**(3,398,081)**	(880,873)
Exploration written off		**(4,267,342)**	(2,267,903)	**(3,732,635)**	(1,779,551)
Bankable feasibility and other studies		**(2,543,636)**	-	**(2,543,086)**	-
Administration expenses		**(2,507,746)**	(1,860,877)	**(2,463,396)**	(1,849,391)
Depreciation and amortisation expense		**(621,461)**	(73,665)	**(411,772)**	(71,254)
Impairment of mining property improvements		**(437,392)**	-	**-**	-
(Profit)/loss on disposal of fixed assets		**(53,188)**	-	**(53,188)**	-
Share-based payments expense	26	**(924,834)**	(506,845)	**(924,834)**	(506,845)
Profit / (loss) before income tax	4	**(17,715,689)**	(5,147,544)	**(11,173,200)**	(4,645,295)
Income tax expense	5	**-**	1,590	**-**	1,590
Profit / (loss) for the period		**(17,715,689)**	(5,145,954)	**(11,173,200)**	(4,643,705)
Profit / (loss) attributable to:					
Members of the parent entity		**(17,715,689)**	(5,145,954)	**(11,173,200)**	(4,643,705)
Non-controlling interests		**-**	-	**-**	-
		(17,715,689)	(5,145,954)	**(11,173,200)**	(4,643,705)
Other comprehensive income					
Other comprehensive income for the period, net of tax		**-**	-	**-**	-
Total comprehensive income for the period		**(17,715,689)**	(5,145,954)	**(11,173,200)**	(4,643,705)
Earnings per share					
From continuing and discontinued operations:					
Basic earnings per share (cents)		**(8.8)**	(4.4)		
From continuing operations:					
Basic earnings per share (cents)		**(8.8)**	(4.4)		

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

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2010	Notes	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	6,24	**54,403,925**	16,502,907	**54,403,925**	16,502,907
Trade and other receivables	7	**728,891**	263,902	**741,709**	259,228
TOTAL CURRENT ASSETS		**55,132,816**	16,766,809	**55,145,634**	16,762,135
NONCURRENT ASSETS					
Other financial assets	8	**494,192**	110,510	**15,564,195**	2,537,444
Property, plant and equipment	9	**11,935,188**	2,233,787	**3,898,401**	316,457
Tenement acquisition and exploration	10	**-**	-	**-**	-
Intangible assets	11	**2,731**	3,561	**587**	881
TOTAL NONCURRENT ASSETS		**12,432,111**	2,347,858	**19,463,183**	2,854,782
TOTAL ASSETS		**67,564,927**	19,114,667	**74,608,817**	19,616,917
CURRENT LIABILITIES					
Trade and other payables	12a	**1,283,253**	917,923	**1,282,403**	917,923
Provisions	12b	**145,322**	48,181	**145,322**	48,181
TOTAL CURRENT LIABILITIES		**1,428,575**	966,104	**1,427,725**	966,104
TOTAL LIABILITIES		**1,428,575**	966,104	**1,427,725**	966,104
NET ASSETS		**66,136,352**	18,148,563	**73,181,092**	18,650,813
EQUITY					
Contributed equity	13	**87,861,698**	23,083,054	**87,861,698**	23,083,054
Reserves	14(a)	**1,901,250**	976,416	**1,901,250**	976,416
Retained earnings / (accumulated losses)	14(b)	**(23,626,596)**	(5,910,907)	**(16,581,856)**	(5,408,657)
TOTAL EQUITY		**66,136,352**	18,148,563	**73,181,092**	18,650,813

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

STATEMENTS OF CHANGES IN EQUITY

Consolidated Group	Notes	Issued Ordinary Capital	Option Reserve	Retained Earnings	Total
		$	$	$	$
Balance at 1 July 2008		8,689,156	469,571	(764,953)	8,393,774
Total comprehensive income for the period		-	-	(5,145,954)	(5,145,954)
Shares issued during the period		14,617,932	-	-	14,617,932
Transaction costs associated with share issue		(224,033)	-	-	(224,033)
Employee share options issued during the period		-	506,845	-	506,845
Balance at 30 June 2009		23,083,054	976,416	(5,910,907)	18,148,563
Total comprehensive income for the period		**-**	**-**	**(17,715,689)**	**(17,715,689)**
Shares issued during the period		**67,767,084**	**-**	**-**	**67,767,084**
Transaction costs associated with share issue		**(2,988,440)**	**-**	**-**	**(2,988,440)**
Employee share options issued during the period		**-**	**924,834**	**-**	**924,834**
Balance at 30 June 2010		**87,861,698**	**1,901,250**	**(23,626,596)**	**66,136,352**

Parent Entity	Notes	Issued Ordinary Capital	Option Reserve	Retained Earnings	Total
		$	$	$	$
Balance at 1 July 2008		8,689,156	469,571	(764,953)	8,393,774
Total comprehensive income for the period		-	-	(4,643,705)	(4,643,705)
Shares issued during the period		14,617,932	-	-	14,617,932
Transaction costs associated with share issue		(224,033)	-	-	(224,033)
Employee share options issued during the period		-	506,845	-	506,845
Balance at 30 June 2009		23,083,054	976,416	(5,408,657)	18,650,813
Total comprehensive income for the period		**-**	**-**	**(11,173,200)**	**(11,173,200)**
Shares issued during the period		**67,767,084**	**-**	**-**	**67,767,084**
Transaction costs associated with share issue		**(2,988,440)**	**-**	**-**	**(2,988,440)**
Employee share options issued during the period		**-**	**924,834**	**-**	**924,834**
Balance at 30 June 2010		**87,861,698**	**1,901,250**	**(16,581,856)**	**73,181,092**

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

CASH FLOW STATEMENTS

YEAR ENDED 30 JUNE 2010	Notes	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**2,754,787**	-	**-**	-
Payments to suppliers and employees		**(16,508,465)**	(2,071,657)	**(8,428,956)**	(2,055,497)
Payments for exploration expenditure		**(3,995,538)**	(1,655,611)	**(3,443,193)**	(1,216,246)
Interest received		**1,931,432**	401,660	**1,931,432**	401,660
NET CASH INFLOW/ (OUT-FLOW) FROM OPERATING ACTIVITIES	24	**(15,817,784)**	(3,325,608)	**(9,940,717)**	(2,870,083)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment of security deposit		**(383,682)**	(38,400)	**(383,682)**	(38,400)
Incorporation costs of subsidiaries		**-**	(2,670)	**-**	-
Payment for purchase of shares in subsidiaries		**-**	-	**-**	(44)
Loans to subsidiary		**-**	-	**(12,642,774)**	(2,377,902)
Payments for property, plant and equipment		**(10,238,768)**	(2,165,652)	**(3,910,452)**	(245,901)
Expenditure on mining improvements		**(437,392)**	-	**-**	-
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		**(11,059,842)**	(2,206,722)	**(16,936,908)**	(2,662,247)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issues of ordinary shares		**67,767,084**	14,617,932	**67,767,084**	14,617,932
Payment of share issue costs		**(2,988,441)**	(224,034)	**(2,988,441)**	(224,034)
Repayment of borrowings		**-**	-	**-**	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		**64,778,643**	14,393,898	**64,778,643**	14,393,898
NET INCREASE IN CASH AND CASH EQUIVALENTS		**37,901,018**	8,861,568	**37,901,018**	8,861,568
Cash and cash equivalents at the beginning of the financial year		**16,502,907**	7,641,339	**16,502,907**	7,641,339
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	6	**54,403,925**	16,502,907	**54,403,925**	16,502,907

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

NOTES TO THE FINANCIALS

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'), and the separate financial statements and notes of Bauxite Resources Limited as an individual parent entity ('Parent Entity').

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

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 and investment property.

(b) 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 2010 and the results of all subsidiaries for the year then ended. Bauxite Resources Limited and its subsidiaries together are referred to in this financial report as the Group or consolidated entity.

Subsidiaries are all of those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies 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 Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Bauxite Resources Limited.

(c) 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.

(d) 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.

(e) 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

NOTES TO THE FINANCIALS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(f) 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.

(g) 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.

(h) 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 shortterm 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.

(i) 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.

(j) Investments and other financial assets

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.

NOTES TO THE FINANCIALS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 derecognition

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.

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

NOTES TO THE FINANCIALS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

on equity instruments classified as available-for-sale are not reversed through the income statement.

(k) 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 of plant and equipment is calculated using the reducing balance method to allocate their cost, net of their residual values, over their estimated useful lives. The rates vary between 20% and 40% per annum.

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(g)).

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

During the year the company changed policy. Prior to this year tenement acquisition and exploration costs incurred were accumulated in respect of each identifiable area of interest. These costs are now 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 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.

(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

NOTES TO THE FINANCIALS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(r) New accounting standards and interpretations

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Bauxite Resources Limited Limited.

AASB 8: Operating Segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Group's financial statements.

Measurement impact

Identification and measurement of segments — AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 114, segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered.

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards. This has resulted in changes to the presentation of segment results, with inter-segment sales and expenses such as depreciation and impairment now being reported for each segment rather than in aggregate for total group operations, as this is how they are reviewed by the chief operating decision maker.

Impairment testing of the segment's goodwill

AASB 136: Impairment of Assets, para 80 requires that goodwill acquired in a business combination shall be allocated to each of the acquirer's CGUs, or group of CGUs that are expected to benefit from the synergies of the combination. Each cash generating unit (CGU) which the goodwill is allocated to must represent the lowest level within the entity at which goodwill is monitored, however it cannot be larger than an operating segment. Therefore, due to the changes in the identification of segments, there is a risk that goodwill previously allocated to a CGU which was part of a larger segment could now be allocated across multiple segments if a segment had to be split as a result of changes to AASB 8.

Management have considered the requirements of AASB 136 and determined the implementation of AASB 8 has not impacted the CGUs of each operating segment.

Disclosure impact

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Group's financial statements.

Disclosure impact

Terminology changes — the revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity — the revised AASB 101

NOTES TO THE FINANCIALS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income — the revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Group's financial statements now contain a statement of comprehensive income.

Other comprehensive income — The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

(s) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 9: Financial Instruments and AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

  The changes made to accounting requirements include:

  – simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;

  – simplifying the requirements for embedded derivatives;

  – removing the tainting rules associated with held-to-maturity assets;

  – removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

  – allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and

  – reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:

    a. the objective of the entity's business model for managing the financial assets; and

    b. the characteristics of the contractual cash flows.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

- AASB 2009–4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

  These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

- AASB 2009–8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

  These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based pay-

NOTES TO THE FINANCIALS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

- AASB 2009–9: Amendments to Australian Accounting Standards — Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

  These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.

- AASB 2009–10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

  These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

- AASB 2009–13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

  This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

- AASB 2009–14: Amendments to Australian Interpretation — Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

  This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

(t) 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 option pricing model, using the assumptions detailed in note 26.

2. FINANCIAL RISK MANAGEMENT

The Group's activities 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.

NOTES TO THE FINANCIALS (CONTINUED)

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 executive 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 neither the Group nor the parent entity are exposed to foreign exchange risk.

(ii) Price risk

Given the current level of operations, neither the Group nor the parent entity are exposed to 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 $54,403,925 (2009: $16,502,907) 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 5.2% (2009: 5.6%).

Sensitivity analysis

At 30 June 2010, 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 $283,622 lower/higher (2009: $62,802 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the balance sheet and notes to the financial statements. The only significant concentration of credit risk for the Group and the parent entity is the cash and cash equivalents held with financial institutions. All material deposits are held with the major Australian banks for which the Board evaluate credit risk to be minimal.

As the Group does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(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.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group and the parent entity at the balance date are recorded at amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

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

NOTES TO THE FINANCIALS (CONTINUED)

		Consolidated Group		Parent Entity	
		2010	2009	2010	2009
	Notes	$	$	$	$
3. REVENUE					
From continuing operations					
Sales revenue		**2,754,787**	-	**-**	-
Interest		**2,169,116**	442,619	**2,169,116**	442,619
Other revenue		**146,134**	-	**184,676**	-
		5,070,037	442,619	**2,353,792**	442,619
4. PROFIT FOR THE YEAR					
(a) Expenses					
Cost of sales		**8,032,047**	-	**-**	-
Impairment of mining property improvements		**437,392**	-	**-**	-
Rental expense on operating leases					
— minimum lease payments		**418,004**	168,378	**418,004**	168,378
Exploration expenditure		**4,267,342**	2,267,903	**3,732,635**	1,779,551
5. INCOME TAX					
(a) The components of income tax expense comprise:					
Current income tax		**-**	-	**-**	-
Deferred tax		**-**	-	**-**	-
Adjustments for current tax of prior years		**-**	(1,590)	**-**	(1,590)
		-	(1,590)	**-**	(1,590)

NOTES TO THE FINANCIALS (CONTINUED)

	Notes	Consolidated Group		Parent Entity	
		2010	2009	2010	2009
		$	$	$	$

5. INCOME TAX (CONTINUED)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated Group 2010 $	Consolidated Group 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
Loss from continuing operations before income tax expense	**(17,715,686)**	(5,147,544)	**(11,173,200)**	(4,645,295)
Prima facie tax benefit at the Australian tax rate of 30% (2009: 30%)	**(5,314,706)**	(1,544,263)	**(3,351,960)**	(1,393,589)
Add tax effect of:				
Non allowable items	**22,681**	3,278	**22,557**	3,278
Share-based payments	**276,775**	152,054	**276,775**	152,054
Group losses assumed by Parent not recognised	**-**	-	**1,859,722**	136,042
Deferred tax balances not recognised	**-**	166,066	**151,434**	151,434
Current year losses not recognised	**5,521,091**	1,275,317	**1,139,275**	1,139,275
	505,841	52,452	**188,494**	188,494
Less:				
Tax effect of:				
Other allowable items	**421,731**	52,452	**393,192**	52,452
Deferred tax balances not recognised	**26,386**	-	**157,826**	-
Group losses assumed by parent from subsidiaries	**-**	-	**1,859,722**	136,042
Adjustment for current tax in prior years	**-**	1,590	**-**	1,590
Non-assessable items	**57,724**	-	**57,724**	-
Income tax expense/(benefit) reported in the statement of comprehensive income	**-**	(1,590)	**-**	(1,590)

(c) Deferred tax recognised at 30 June relates to the following:

	Consolidated Group 2010 $	Consolidated Group 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
Deferred tax liabilities:				
Accrued interest	**83,593**	12,288	**83,593**	12,288
Other	**2,279**	160	**2,279**	-
Deferred tax assets:				
Carry forward revenue losses	**85,872**	12,448	**85,872**	12,288
Net deferred tax	**-**	-	**-**	-

NOTES TO THE FINANCIALS (CONTINUED)

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
Notes	$	$	$	$

5. INCOME TAX (CONTINUED)

(d) The following deferred tax balances have not been recognised:

At 30%:				
Carry forward losses	**6,688,230**	1,417,704	**6,688,230**	1,417,864
Capital raising costs	**903,670**	184,126	**903,257**	184,126
Property, plant and equipment	**-**	5,159	**-**	5,159
Provisions and accruals	**48,097**	17,091	**48,097**	17,091
Exploration and development	**158,893**	27,675	**27,675**	27,675
Prepayments	**-**	6,271	**-**	6,271
	7,798,890	1,658,026	**7,667,259**	1,658,186

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 and the tax sharing arrangement

Bauxite Resources Limited and its 100 percent 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. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax asset resulting from unused tax losses and tax credits which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity.

(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 taxes to allocate to members of the tax consolidated group. The group has not entered into any tax sharing or funding agreements.

The comparative year disclosures have been updated to be consistent with the 2010 presentation. There has been no change to the income tax.

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
Notes	$	$	$	$

6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank and in hand	**13,615,677**	491,840	**13,615,677**	491,840
Short-term deposits	**40,788,248**	16,011,067	**40,788,248**	16,011,067
Cash and cash equivalents as shown in the balance sheet and the statement of cash flows	**54,403,925**	16,502,907	**54,403,925**	16,502,907

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

NOTES TO THE FINANCIALS (CONTINUED)

	Notes	Consolidated Group 2010 $	Consolidated Group 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
7. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES					
Sundry receivables		**421,613**	164,638	**434,431**	159,964
Accrued interest		**278,642**	40,959	**278,642**	40,959
Prepayments		**28,636**	58,305	**28,636**	58,305
		728,891	263,902	**741,709**	259,228
8. NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS					
Shares in subsidiaries – at cost	22	**-**	-	**45**	45
Loans to subsidiaries	21	**-**	-	**15,069,958**	2,426,889
Security deposits		**494,192**	110,510	**494,192**	110,510
		494,192	110,510	**15,564,195**	2,537,444
9. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT					
Plant and equipment					
Cost		**7,243,980**	21,552	**1,970,863**	21,552
Accumulated depreciation		**(324,305)**	(10,117)	**(125,151)**	(10,117)
Net book amount		**6,919,675**	11,435	**1,845,712**	11,435
Plant and equipment					
Opening net book amount		**11,435**	17,906	**11,435**	17,906
Additions		**7,222,427**	1,115	**1,948,775**	1,115
Depreciation charge		**(314,187)**	(7,586)	**(114,498)**	(7,586)
Closing net book amount		**6,919,675**	11,435	**1,845,712**	11,435
Motor Vehicles					
Cost		**901,115**	103,794	**901,115**	103,794
Accumulated depreciation		**(147,895)**	(27,777)	**(147,895)**	(27,777)
Net book amount		**753,220**	76,017	**753,220**	76,017
Motor vehicles					
Opening net book amount		**76,017**	40,639	**76,017**	40,639
Additions		**797,321**	59,918	**797,321**	59,918
Depreciation charge		**(120,118)**	(24,540)	**(120,118)**	(24,540)
Closing net book amount		**753,220**	76,017	**753,220**	76,017
Property and buildings					
Cost		**2,975,234**	1,919,740	**-**	-
Accumulated depreciation		**(12,411)**	(2,411)	**-**	-
Net book amount		**2,962,823**	1,917,329	**-**	-

NOTES TO THE FINANCIALS (CONTINUED)

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
Notes	$	$	$	$
9. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)				
Property and buildings				
Opening net book amount	**1,917,329**	-	**-**	-
Additions	**1,055,494**	1,919,740	**-**	-
Depreciation charge	**(10,000)**	(2,411)	**-**	-
Closing net book amount	**2,962,823**	1,917,329	**-**	-
Software				
Cost	**133,846**	12,561	**133,846**	12,561
Accumulated depreciation	**(31,451)**	(1,641)	**(31,451)**	(1,641)
Net book amount	**102,395**	10,920	**102,395**	10,920
Software				
Opening net book amount	**10,920**	-	**10,920**	-
Additions	**121,285**	12,561	**121,285**	12,561
Depreciation charge	**(29,810)**	(1,641)	**(29,810)**	(1,641)
Closing net book amount	**102,395**	10,920	**102,395**	10,920
Exploration equipment				
Cost	**193,405**	96,980	**193,405**	96,980
Accumulated depreciation	**(52,269)**	(334)	**(52,269)**	(334)
Net book amount	**141,136**	96,646	**141,136**	96,646
Exploration equipment				
Opening net book amount	**96,646**	-	**96,646**	-
Additions	**96,425**	96,980	**96,425**	96,980
Depreciation charge	**(51,935)**	(334)	**(51,935)**	(334)
Closing net book amount	**141,136**	96,646	**141,136**	96,646
Furniture and Fittings				
Cost	**114,397**	83,348	**114,397**	83,348
Accumulated depreciation	**(7,173)**	(17,462)	**(7,173)**	(17,462)
Net book amount	**107,224**	65,886	**107,224**	65,886
Furniture and fittings				
Opening net book amount	**65,886**	41,854	**65,886**	41,854
Additions	**123,877**	39,129	**123,877**	39,129
Depreciation charge	**(27,835)**	(15,097)	**(27,835)**	(15,097)
Disposals	**(54,704)**	-	**(54,704)**	-
Closing net book amount	**107,224**	65,886	**107,224**	65,886

NOTES TO THE FINANCIALS (CONTINUED)

	Notes	Consolidated Group 2010 $	Consolidated Group 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
9. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)					
Computer equipment					
Cost		**265,018**	83,534	**265,018**	83,534
Accumulated depreciation		**(72,821)**	(27,980)	**(72,821)**	(27,980)
Net book amount		**192,197**	55,554	**192,197**	55,554
Computer equipment					
Opening net book amount		**55,554**	41,118	**55,554**	41,118
Additions		**181,485**	36,200	**181,485**	36,200
Depreciation charge		**(44,842)**	(21,764)	**(44,842)**	(21,764)
Closing net book amount		**192,197**	55,554	**192,197**	55,554
Leasehold Improvements					
Cost		**779,251**	-	**779,251**	-
Accumulated depreciation		**(22,734)**	-	**(22,734)**	-
Net book amount		**756,517**	-	**756,517**	-
Leasehold Improvements					
Opening net book amount		**-**	-	**-**	-
Additions		**779,251**	-	**779,251**	-
Depreciation charge		**(22,734)**	-	**(22,734)**	-
Closing net book amount		**756,517**	-	**756,517**	-
Total Assets					
Cost		**12,606,246**	2,321,509	**4,357,896**	401,769
Accumulated depreciation		**(671,059)**	(87,722)	**(459,495)**	(85,311)
Net book amount		**11,935,188**	2,233,787	**3,898,401**	316,457
Total Assets					
Opening net book amount		**2,233,787**	141,517	**316,458**	141,517
Additions		**10,377,565**	2,165,643	**4,048,419**	245,903
Depreciation charge		**(621,461)**	(73,373)	**(411,772)**	(70,962)
Disposals		**(54,704)**	-	**(54,704)**	-
Closing net book amount		**11,935,188**	2,233,787	**3,898,401**	316,457
10. NON-CURRENT ASSETS – TENEMENT ACQUISITION AND EXPLORATION					
Tenement acquisition and exploration costs carried forward in respect of mining areas of interest					
Opening net book amount		**-**	612,292	**-**	563,305
Tenement acquisition and exploration costs		**-**	1,655,611	**-**	1,216,246
Tenement costs written off		**-**	(2,267,903)	**-**	(1,779,551)
Closing net book amount		**-**	-	**-**	-

The ultimate recoupment of costs carried forward for tenement acquisition and exploration is dependent on the successful development and commercial exploitation or sale of the respective mining areas. The directors have adopted a change of policy from the prior year and have resolved to write off all tenement acquisition and exploration costs.

NOTES TO THE FINANCIALS (CONTINUED)

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
Notes	$	$	$	$
11. NON-CURRENT ASSETS – INTANGIBLE ASSETS				
Formation expenses				
Cost	**4,147**	4,147	**1,467**	1,467
Accumulated amortisation	**(1,416)**	(586)	**(880)**	(586)
Net book amount	**2,731**	3,561	**587**	881
Formation expenses				
Opening net book amount	**3,561**	1,174	**881**	1,174
Additions	**-**	2,680	**-**	-
Amortisation charge	**(830)**	(293)	**(294)**	(293)
Closing net book amount	**2,731**	3,561	**587**	881
12. CURRENT LIABILITIES				
a) Trade and other payables				
Trade payables	**941,558**	728,412	**940,708**	728,412
Other payables and accruals	**341,695**	189,511	**341,695**	189,511
	1,283,253	917,923	**1,282,403**	917,923
b) Provisions				
Annual leave	**145,322**	48,181	**145,322**	48,181

NOTES TO THE FINANCIALS (CONTINUED)

	Notes	2010 Number of securities	2010 $	2009 Number of securities	2009 $
13. CONTRIBUTED EQUITY					
(a) Share capital					
Ordinary shares fully paid	13(b), 13(d)		**87,323,125**		22,544,482
Options	13(e)		**538,573**		538,573
Total contributed equity			**87,861,698**		23,083,055
(b) Movements in ordinary share capital					
Beginning of the financial year		**151,438,228**	**22,544,482**	108,026,070	8,150,583
Issued during the year:					
• Initial Public Offering at 20 cents		**-**	**-**	-	-
• Issued via share placement		**60,000,000**	**57,000,000**		
• Issued via private placement		**19,700,000**	**9,850,000**	19,700,000	9,850,000
• Issued on exercise of options at 20 cents		**1,250,000**	**250,000**	-	-
• Issued on exercise of options at 25 cents		**225,000**	**56,250**	-	-
• Issued on exercise of options at 30 cents		**750,000**	**225,000**	255,000	76,500
• Issued on exercise of options at 35 cents		**816,668**	**285,834**	-	-
• Issued on exercise of options at 50 cents		**200,000**	**100,000**	-	-
• Issued on exercise of options (20 cents, 31 Jan 2009)		**-**	**-**	23,457,158	4,691,432
Less: Transaction costs			**(2,988,441)**		(224,033)
End of the financial year		**234,379,896**	**87,323,125**	151,438,228	22,544,482

NOTES TO THE FINANCIALS (CONTINUED)

13. CONTRIBUTED EQUITY (CONTINUED)

(c) Movements in options on issue

	Number of options	
	2010	**2009**
Beginning of the financial year	**21,795,000**	68,530,180
Issued during the year:		
• Exercisable at 35 cents, on or before 30 November 2013	**-**	666,668
• Exercisable at 45 cents, on or before 30 November 2013	**-**	666,666
• Exercisable at 55 cents, on or before 30 November 2013	**-**	666,666
• Exercisable at 90 cents, on or before 30 November 2013	**2,000,000**	-
• Exercisable at 110 cents, on or before 30 November 2013	**2,000,000**	-
• Exercisable at 25 cents, on or before 30 June 2012	**-**	525,000
• Exercisable at 35 cents, on or before 30 June 2012	**-**	800,000
• Exercisable at 30 cents, on or before 30 June 2012	**-**	3,775,000
• Exercisable at 40 cents, on or before 30 June 2012	**300,000**	-
• Exercisable at 50 cents, on or before 30 June 2012	**700,000**	-
• Exercisable at 70 cents, on or before 30 June 2012	**500,000**	-
• Exercisable at 100 cents, on or before 30 June 2012	**3,750,000**	-
Exercised, cancelled or expired during the year:		
• Exercisable at 35 cents, on or before 30 November 2013	**(666,668)**	-
• Exercisable at 90 cents, on or before 30 June 2013	**(2,000,000)**	-
• Exercisable at 110 cents, on or before 30 June 2013	**(2,000,000)**	-
• Exercisable at 25 cents, on or before 30 June 2012	**(225,000)**	-
• Exercisable at 30 cents, on or before 30 June 2012	**(750,000)**	(305,000)
• Exercisable at 35 cents, on or before 30 June 2012	**(150,000)**	-
• Exercisable at 40 cents, on or before 30 June 2012	**(300,000)**	-
• Exercisable at 50 cents, on or before 30 June 2012	**(470,000)**	-
• Exercisable at 70 cents, on or before 30 June 2012	**(500,000)**	-
• Exercisable at 100 cents, on or before 30 June 2012	**(1,550,000)**	-
• Exercisable at 20 cents, on or before 31 May 2012	**(1,250,000)**	-
• Exercisable at 50 cents, on or before 31 May 2012	**-**	(100,000)
• Exercisable at 20 cents, on or before 31 January 2009	**-**	(53,430,180)
End of the financial year	**21,183,332**	21,795,000

(d) Ordinary shares

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

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

NOTES TO THE FINANCIALS (CONTINUED)

13. CONTRIBUTED EQUITY (CONTINUED)

(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 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 and the parent entity at 30 June 2009 and 30 June 2008 are as follows:

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	$	$	$	$
Cash and cash equivalents	**54,403,925**	16,502,907	**54,403,925**	16,502,907
Trade and other receivables	**728,891**	263,902	**741,709**	259,228
Trade and other payables	**(1,283,253)**	(917,923)	**(1,282,403)**	(917,923)
Working capital position	**53,849,563**	15,848,886	**53,863,231**	15,844,212

14. RESERVES AND ACCUMULATED LOSSES

(a) Reserves

Share-based payments reserve				
Balance at beginning of year	**976,416**	469,571	**976,416**	469,571
Employees and contractors share options	**924,834**	506,845	**924,834**	506,845
Balance at end of year	**1,901,250**	976,416	**1,901,250**	976,416

(b) Retained earnings / (accumulated losses)

Balance at beginning of year	**(5,910,907)**	(764,953)	**(5,408,658)**	(764,953)
Net profit/(loss) for the year	**(17,715,689)**	(5,145,954)	**(11,173,200)**	(4,643,705)
Balance at end of year	**(23,626,596)**	(5,910,907)	**(16,581,856)**	(5,408,658)

(c) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued.

15. DIVIDENDS

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

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

Short-term benefits	**2,179,787**	744,304	**2,179,787**	744,304
Post employment benefits	**88,337**	49,450	**88,337**	49,450
Other long-term benefits	**-**	-	**-**	-
Termination benefits	**250,000**	-	**250,000**	-
Share-based payments	**185,890**	316,386	**185,890**	316,386
	2,704,014	1,110,140	**2,704,014**	1,110,140

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-C of the remuneration report on pages 5 to 8.

NOTES TO THE FINANCIALS (CONTINUED)

16. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section D of the remuneration report on page 8.

(ii) Option holdings

The numbers of 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, including their personally related parties, are set out below:

2010	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Bauxite Resources Limited							
Luke Atkins	**3,000,000**	**-**	**-**	**-**	**3,000,000**	**3,000,000**	**-**
Barry Carbon	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Yan Jitai	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Neil Lithgow	**3,000,000**	**-**	**-**	**-**	**3,000,000**	**3,000,000**	**-**
Robert Nash	**1,000,000**	**-**	**(250,000)**	**-**	**750,000**	**750,000**	**-**
David Mc-Sweeney	**6,000,000**	**-**	**-**	**-**	**6,000,000**	**6,000,000**	**-**
Daniel Tenardi	**2,000,000**	**4,000,000**	**(666,668)**	**(4,000,000)**	**1,333,332**	**-**	**1,333,332**
Meng Xiang-san	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other key management personnel of the Company							
Paul Fromson	**300,000**	**700,000**	**(300,000)**	**(270,000)**	**430,000**	**100,000**	**330,000**

2009	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Bauxite Resources Limited							
Luke Atkins	7,195,323	-	-	(4,195,323)	3,000,000	3,000,000	-
Barry Carbon	-	-	-	-	-	-	-
Yan Jitai	-	-	-	-	-	-	-
Neil Lithgow	11,820,322	-	(1,075,000)	(7,745,322)	3,000,000	3,000,000	-
Robert Nash	1,102,450	-	(20,000)	(82,450)	1,000,000	1,000,000	-
David Mc-Sweeney	6,313,750	-	-	(313,750)	6,000,000	2,000,000	4,000,000
Daniel Tenardi	-	2,000,000	-	-	2,000,000	-	2,000,000
Meng Xiang-san	-	-	-	-	-	-	-
Other key management personnel of the Company							
Paul Fromson	-	300,000	-	-	300,000	100,000	200,000

All vested options are exercisable at the end of the year.

NOTES TO THE FINANCIALS (CONTINUED)

16. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(b) Equity instrument disclosures relating to key management personnel (continued)

(iii) Share holdings

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.

2010 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
Directors of Bauxite Resources Limited				
Luke Atkins	**17,041,667**	**-**	**-**	**17,041,667**
Barry Carbon	**-**	**-**	**-**	**-**
Yan Jitai	**-**	**-**	**-**	**-**
Neil Lithgow	**19,366,666**	**-**	**-**	**19,366,666**
Robert Nash	**224,900**	**250,000**	**(220,000)**	**254,900**
David McSweeney	**627,500**	**-**	**(100,000)**	**527,500**
Daniel Tenardi	**1,000,000**	**666,668**	**(1,666,668)**	**-**
Meng Xiangsan	**-**	**-**	**-**	**-**
Other key management personnel of the Company				
Paul Fromson	**-**	**300,000**	**(82,000)**	**218,000**

2009 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
Directors of Bauxite Resources Limited				
Luke Atkins	17,041,667	-	-	17,041,667
Barry Carbon	-	-	-	-
Yan Jitai	-	-	-	-
Neil Lithgow	18,291,666	1,075,000	-	19,366,666
Robert Nash	204,900	20,000	-	224,900
David McSweeney	627,500	-	-	627,500
Daniel Tenardi	-	1,000,000	-	1,000,000
Meng Xiangsan	-	-	-	-
Other key management personnel of the Company				
Paul Fromson	-	-	-	-

(c) Loans to key management personnel

There were no loans to key management personnel during the year.

(d) Other transactions with key management personnel

Robert Nash provided legal services to Bauxite Resources Limited during the year to the value of $165,000 (2009: $Nil). Barry Carbon provided environmental compliance and consultancy services to Bauxite Resourced Limited in his capacity as a non-executive chairman during the year to a value of $136,539 (2009: $Nil) These amounts paid were on arms length commercial terms and are included as part of the respective compensation.

NOTES TO THE FINANCIALS (CONTINUED)

17. OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the products or services;
- the distribution method; and
- any external regulatory requirements

Types of products and services by segment

i. Mining – Direct Shipping Ore

The Company exported trial shipments to Chinese customers being three shipments of bauxite totalling approximately 128,000 tonnes. Further shipments have been deferred pending the receipt of environmental and other approvals, and the recovery of the bauxite price following the global financial crisis.

ii. Exploration

The Company has continued to advance its business case if defining an economic bauxite resource necessary to support a direct shipping ore (DSO) operation by concentrating on areas previously explored ground with substantial volumes of historical data. The Company is also exploring for refinery grade bauxite on its tenements in the south-west of Western Australia.

iii. Bankable feasibility and other studies

During the year, the Company entered into a Heads of Agreement with a Chinese company for an alumina refinery joint venture. As part of the joint venture, studies are underway for a Bankable Feasibility for an alumina refinery.

iv. Administration & Other

The administration area supports the above mining, exploration and bankable feasibility segments.

Basis of accounting for purposes of reporting by operating segments

a. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

b. Inter-segment transactions

An internally determined transfer price is set for all inter-segment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

c. Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

NOTES TO THE FINANCIALS (CONTINUED)

17. OPERATING SEGMENTS (CONTINUED)

d. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

e. Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Derivatives
- Net gains on disposal of available-for-sale investments
- Impairment of assets and other non-recurring items of revenue or expense
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Other financial liabilities
- Intangible assets
- Discontinuing operations
- Retirement benefit obligations

NOTES TO THE FINANCIALS (CONTINUED)
17. OPERATING SEGMENTS (CONTINUED)

f. Comparative information

This is the first reporting period in which AASB 8 has been adopted. Comparative information has been restated to conform to the requirements of this standard.

i. Segment performance

	Exploration	Operations	BFS & other studies	Administration & other	Total
	$	$	$	$	$
30 June 2010					
REVENUE					
External sales	**-**	**2,754,787**	**-**	**-**	**2,754,787**
Inter-segment sales	**-**	**-**	**-**	**-**	**-**
Interest revenue	**-**	**-**	**-**	**2,169,116**	**2,169,116**
Other revenue	**-**	**-**	**-**	**146,134**	**146,134**
Total segment revenue	**-**	**2,754,787**	**-**	**2,315,250**	**5,070,037**
Segment net profit before tax	**(4,267,342)**	**(5,714,652)**	**(2,543,636)**	**(4,568,608)**	**(17,094,228)**
Reconciliation of segment result to group net profit/loss before tax					
i. Amounts not included in segment result but reviewed by Board					
— Depreciation and amortisation					**(621,461)**
Net profit before tax from continuing operations					**(17,715,689)**
30 June 2009					
REVENUE					
External sales	-	-	-	-	-
Inter-segment sales	-	-	-	-	-
Other revenue	-	-	-	-	-
Interest revenue	-	-	-	442,619	442,619
Total segment revenue	-	-	-	442,619	442,619
Segment net profit before tax	(2,267,903)	-	-	(2,804,386)	(5,072,289)
Reconciliation of segment result to group net profit/loss before tax					
i. Amounts not included in segment result but reviewed by Board					
— Depreciation and amortisation					(73,665)
Net profit before tax from continuing operations					(5,145,954)

NOTES TO THE FINANCIALS (CONTINUED)
17. OPERATING SEGMENTS (CONTINUED)

ii. Segment assets

	Exploration	Operations	BFS & other studies	Administration & other	Total
	$	$	$	$	$
30 June 2010					
Segment assets					
Segment assets	**141,136**	**5,073,963**	**1,818,554**	**60,521,274**	**67,564,927**
Total group assets					**67,564,927**
30 June 2009					
Segment assets					
Segment asset increases for the period	96,646	-	-	19,018,021	19,114,667
Total group assets					**19,114,667**

iii. Segment liabilities

	Exploration	Operations	BFS & other studies	Administration & other	Total
30 June 2010					
Segment liabilities					
Segment Liabilities	**581,930**	**208,073**	**-**	**638,572**	**1,428,575**
Total group liabilities					**1,428,575**
30 June 2009					
Segment liabilities					
Segment Liabilities	184,760	-	-	781,344	966,104
Total group liabilities					**966,104**

18. REMUNERATION OF AUDITORS

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	$	$	$	$

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2010 $	2009 $	2010 $	2009 $
(a) Audit services				
Moore Stephens - audit and review of financial reports	**29,695**	11,591	**29,695**	11,591
Total remuneration for audit services	**29,695**	11,591	**29,695**	11,591
(b) Non-audit services				
Moore Stephens – Due Diligence	**13,645**	-	**13,645**	-
Moore Stephens – Taxation services	**24,826**	2,158	**24,826**	2,158
Total remuneration for other services	**38,471**	2,158	**38,471**	2,158

NOTES TO THE FINANCIALS (CONTINUED)

19. CONTINGENCIES

On 25 June 2010, Bauxite Resources Ltd was notified that a litigation funder proposed to fund claims that current or former shareholders may have against the Company, in relation to the Company's October 2009 share placement. Since then, the litigation funder has not communicated further with the Company, and no legal proceedings have been commenced.

The Company has reviewed an outline of the funder's allegations which are said to support the potential claim. The allegations are incorrect and misconceived in several respects and the Company does not consider that they provide a proper foundation for a sustainable shareholder claim against the company. The Company has outlined its response to the threatened action both on its website and in ASX releases.

The funder has said that it will fund litigation only if the estimated losses by shareholders who sign up with it are sufficient to make the proceedings commercially viable for the funder. Current and former shareholders may be contacted by the funder to seek to persuade them to sign up to a funding agreement. Shareholders may also expect to see further media reports repeating the allegations as the funder seeks to generate publicity for its cause.

The Company will keep shareholders informed of any developments, including the commencement of any proceedings or any announcement that the litigation funder no longer proposes to involve itself in any action.

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	$	$	$	$
20. COMMITMENTS				
(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	**694,500**	242,760	**499,500**	242,760
later than one year but not later than five years	**2,084,415**	650,020	**1,343,210**	650,020
	2,778,915	892,780	**1,842,710**	892,780
(b) Commercial property lease commitments				
within one year	**681,927**	138,477	**681,927**	138,477
later than one year but not later than five years	**2,753,907**	127,095	**2,753,907**	127,095
Later than five years	**432,905**	-	**432,905**	-
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	**3,868,739**	265,572	**3,868,739**	265,572

The property lease is a non-cancellable lease with a six-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments to increase annually by set margins for 2 years followed by CPI increases. An option exists to renew the lease at the end of the six-year term for an additional term of three years. The lease allows for subletting of all lease areas.

A separate property lease was cancelled and settled in August 2010. The amounts payable to that date have been included in the commitments above.

(c) Remuneration commitments

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel referred to in section C of the remuneration report on page 7 that are not recognised as liabilities and are not included in the key management personnel compensation.

within one year	**275,205**	88,452	**275,205**	88,452
later than one year but not later than five years	**195,000**	-	**195,000**	-
	470,205	88,452	**470,205**	88,452

NOTES TO THE FINANCIALS (CONTINUED)

21. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Bauxite Resources Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 22.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 16.

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	$	$	$	$
(d) Loans to related parties				
Loans to subsidiaries				
Beginning of the year	**-**	-	**2,426,889**	48,987
Loans advanced	**-**	-	**12,643,069**	2,377,902
Loan repayments received	**-**	-	**-**	-
Provision for impairment	**-**	-	**-**	-
End of year	**-**	-	**15,069,958**	2,426,889

Bauxite Resources Limited has provided unsecured, interest free loans to its wholly owned subsidiaries. An impairment assessment is undertaken each financial year by examining the financial position of each subsidiary and the market in which the subsidiary operates to determine whether there is objective evidence that the subsidiary is impaired. When such objective evidence exists, the Company recognises an allowance for the impairment loss.

22. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name	Country of Incorporation	Date of Incorporation	Class of Shares	Equity Holding[1]	
				2010	2009
				%	%
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
BRL Other Minerals Pty Ltd	Australia	25 March 2009	Ordinary	**100**	100

(1) The proportion of ownership interest is equal to the proportion of voting power held.

NOTES TO THE FINANCIALS (CONTINUED)

23. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Bauxite Resources Ltd signed, on the 24th September 2010, a further Heads of Agreement with its long term Chinese partner, Yankuang Corporation ("Yankuang"), to complete a bankable feasibility study for the design and construction of a modern refinery in the southwest of Western Australia to refine Darling Range bauxite into alumina. The further Heads of Agreement requires shareholder and regulatory approval.

The refinery approximate design capacity will be 1.1 million tonnes per annum (mtpa) of alumina which will require approximately 3.5mtpa of bauxite. The Company and Yankuang propose that construction will be commenced within 5 years subject to a bankable feasibility study, site selection, environmental and regulatory approvals.

Under the terms of the binding heads of agreement, Yankuang has agreed to fund 91% of the refinery's construction costs in return for receipt of 70% of the alumina product, with Bauxite Resources Ltd owning / receiving rights to the remaining 30% of alumina.

Bauxite Resources Ltd will pay for the remaining 9% of construction costs and will receive assistance from Yankuang to arrange financing. Yankuang will also off-take half of Bauxite Resources Limited's share of alumina production upon terms to be agreed.

Under the agreement, Yankuang becomes eligible for 70% of Bauxite Resources Limited's Darling Range bauxite rights (except for 1000km² of the Company's Tenements, contained in a separate agreement with the Shandong No.1 Institute of Geology and Minerals Exploration). Any direct use of bauxite for non-refining purposes that is commenced within 3 years will have an allocation split of 51% to Bauxite Resources Ltd and 49% to Yankuang.

In addition, Yankuang has agreed to refund to the Company 70% of previous tenement / exploration costs. Yankuang will also contribute 70% to the cost of future tenement / exploration costs. Should refinery construction not commence within 5 years, the Company will have the option to acquire back 21% of the bauxite rights at that time to restore the Company's 51% and Yankuang's 49% ownership. This option will be at cost plus 15% incurred by Yankuang in respect of that 21% interest.

A bankable feasibility study will also be carried out alongside the strategy to design and build the alumina refinery. It is now proposed that leading design agencies and consultancies based in China and Australia will be utilised for the bankable feasibility study. This bankable feasibility study will require all the necessary approval processes with Yankuang contributing 90% to the cost and the Company contributing 10%.

There has not been any other event that has arisen since 30 June 2010 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.

24. CASH FLOW STATEMENT

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	$	$	$	$
Reconciliation of net profit or loss after income tax to net cash outflow from operating activities				
Net profit/(loss) for the year	**(17,715,689)**	(5,145,954)	**(11,173,200)**	(4,643,705)
NonCash Items				
Depreciation and amortisation	**621,461**	73,665	**411,772**	71,254
Share-based payments expense	**924,834**	506,845	**924,834**	506,845
Mining improvements written off	**437,392**	-	**-**	-
Net (gain)/loss on disposal of property, plant and equipment	**54,704**	-	**54,704**	-
Capitalised exploration expenditure written off	**-**	612,292	**-**	563,305
Change in operating assets and liabilities, net of effects from purchase of controlled entities				
(Increase) in trade and other receivables	**(212,940)**	(219,226)	**(212,940)**	(214,552)
Increase in trade and other payables	**72,455**	846,770	**54,112**	846,770
Net cash inflow/(outflow) from operating activities	**(15,817,784)**	(3,325,608)	**(9,940,717)**	(2,870,083)

NOTES TO THE FINANCIALS (CONTINUED)

25. EARNINGS PER SHARE

	Consolidated Group	
	2010	2009
	$	$
(a) Reconciliation of earnings used in calculating earnings per share		
Profit or loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share	**(17,715,689)**	(5,145,954)

	Number of shares	Number of shares
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**201,788,507**	117,440,681

(c) Information on the classification of options

As the Company has made a loss for the year ended 30 June 2010, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

NOTES TO THE FINANCIALS (CONTINUED)

26. SHARE-BASED PAYMENTS

Director Options and the Employees and Contractors Option Plan

The Company provides benefits to employees and contractors of the Company in the form of share-based payment transactions, whereby employees and contractors render services in exchange for options to acquire ordinary shares. All options issued under the scheme have an exercise price of between 25 and 100 cents and an expiry date no later than of 30 June 2012.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

Set out below are summaries of the options granted:

	Consolidated Group and Parent Entity			
	2010		2009	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	**12,795,000**	34.8	**6,100,000**	35.2
Granted	**9,250,000**	92.6	**7,100,000**	34.4
Forfeited/cancelled/expired	**(6,620,000)**	93.8	**(150,000)**	45.3
Exercised	**(1,991,668)**	33.5	**(255,000)**	30.0
Outstanding at year-end	**13,433,332**	46.2	**12,795,000**	34.8
Exercisable at year-end	**11,248,332**	44.3	**5,890,000**	33.1

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 2.09 years (2009: 3.20 years), with exercise prices ranging from 25 to 100 cents.

The weighted average fair value of the options granted during the year was 36.7 cents (2009: 18.3 cents). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2010	2009
Weighted average exercise price (cents)	**92.65**	34.4
Weighted average life of the option (years)	**3.19**	3.7
Weighted average underlying share price (cents)	**84.31**	24.7
Expected share price volatility	**60.97%**	35.0
Weighted average risk free interest rate	**3.53%**	3.49

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated Group		Parent Entity	
	2010	2009	2010	2009
	$	$	$	$
Options issued to directors, employees and contractors	**924,834**	506,845	**924,834**	506,845

DIRECTORS' DECLARATION

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

- 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:
- complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2010 and of their performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- 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 2010; and
- note 1 confirms that the financial statements also comply with the International Reporting Standards as issued by the International Accounting Standards Board.

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

Barry Carbon
Chairman
Perth, 29 September 2010

MOORE STEPHENS

Partners

Syd Jenkins
Neil Pace
Dino Travaglini
Ray Simpson
Suan-Lee Tan
Ennio Tavani

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BAUXITE RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Bauxite Resources Limited (the company) and Bauxite Resources Limited and Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, as provided to the directors of Bauxite Resources Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

a. the financial report of Bauxite Resources Limited and Bauxite Resources Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:

  ii. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

  iii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 12 of the directors' report for the year ended 30 June 2010. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of Bauxite Resources Limited for the year ended 30 June 2010 complies with Section 300A of the Corporations Act 2001.

Neil Pace

NEIL PACE
PARTNER

Moore Stephens

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 29th September 2009.

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 28th September 2010.

(a) 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	**119**	**71,627**
1,001 - 5,000	**426**	**1,331,570**
5,001 - 10,000	**305**	**2,544,221**
10,001 - 100,000	**747**	**27,256,630**
100,001 and over	**202**	**203,175,848**
	1,796	**234,379,896**
The number of equity security holders holding less than a marketable parcel (based on a $0.19 price) of securities are:	**297**	**399,417**

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

	Listed ordinary shares	
	Number of shares	Percentage of ordinary shares
1. HD Mining & Inv Pty Ltd	19,700,000	8.41%
2. Yankuang Resources Pty Ltd	19,700,000	8.41%
3. National Nominees Ltd	19,059,566	8.13%
4. Big Fish Nominees Pty Ltd (N Lithgow)	17,666,666	7.54%
5. Tailrain Pty Ltd (L Atkins)	17,016,667	7.26%
6. Dilkara Nominees Pty Ltd	14,516,667	6.19%
7. HSBC Custody Nominees Australia Ltd	10,999,995	4.69%
8. JP Morgan Nominees Australia Ltd	9,286,357	3.96%
9. Citicorp Nominees Pty Limited	3,834,278	1.64%
10. Caple RJ & Cameron FM	2,355,007	1.00%
11. Sharbanee PG	2,255,000	0.96%
12. JP Morgan Nominees Australia Ltd	1,931,866	0.82%
13. Merrill Lynch Australia Nominees Pty Ltd	1,851,989	0.79%
14. Spectral Investment Pty Ltd (N Lithgow)	1,662,500	0.71%
15. Harbour Nominees Pty Ltd	1,500,000	0.64%
16. Davidson Murray	1,500,000	0.64%
17. ANZ Nominees Ltd	1,426,326	0.61%
18. Wang Jingming	1,272,154	0.54%
19. Yuen KH & Sze MC	1,151,900	0.49%
20. Cahill John	1,113,382	0.48%
	149,800,320	63.91%

ASX ADDITIONAL INFORMATION (CONTINUED)

(c) Substantial shareholders

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

	Number of Shares
HD Mining & Inv Pty Ltd	19,700,000
Yankuang Resources Pty Ltd	19,700,000
National Nominees Ltd	19,059,566
Big Fish Nominees Pty Ltd (N Lithgow)	17,666,666
Tailrain Pty Ltd (L Atkins)	17,016,667
Dilkara Nominees Pty Ltd	14,516,667

(d) Voting rights

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

(e) Unquoted Options

Class of Securities	% of class of Securities	Number of Securities Issued
20 cent Options expiring 31 May 2012		
Luke Atkins & Tailrain Pty Ltd	38.71%	3,000,000
Neil Lithgow & Bigfish Nominees Pty Ltd	38.71%	3,000,000
Other	22.58%	1,750,000
		7,750,000
25 cent Options expiring 15 May 2012		
David McSweeney	100%	2,000,000
40 cent Options expiring 15 May 2012		
David McSweeney	100%	4,000,000
Employee share option plan		
30 cent Options expiring 30 June 2012		2,370,000
35 cent Options expiring 30 June 2012		300,000
50 cent Options expiring 30 June 2012		230,000
$1.00 Options expiring 30 June 2012		2,200,000
		5,100,000
		18,850,000

ASX ADDITIONAL INFORMATION (CONTINUED)

(f) Schedule of interests in mining tenements

Location	Tenement	Percentage held / earning
North Darling Range		
BerryBrow	E70/3002	100%
Red Hill	E70/3003	100%
Gillingarra	E70/3007	100%
Bindoon	E70/3064	100%
Jimperding	E70/3159	100%
Toodyay	E70/3160	100%
Beechina	E70/3193	100%
Mt Gorrie	E70/3206	100%
Muchea	E70/3283	100%
Moora	E70/3319	100%
Victoria Plans	E70/3405	100%
West Toodyay	E70/3432	100%
Muchea West	E70/3433	100%
Kokendin	E70/3488	100%
Avon Valley	E70/3528	100%
Bald Hill	E70/3537	100%
Bejoording	E70/3564	100%
Boonaring Hill	E70/3597	100%
Coolingoort	E70/3598	100%
Goodenine Pool	E70/3599	100%
Thompson Road	E70/3629	100%
Gillingarry Hill	E70/3630	100%
Mt Talbot	E70/3651	100%
Kodara	E70/3688	100%
Springvale	E70/3706	100%
Trig Road	E70/3707	100%
Bakers Hill	E70/3731	100%
Wandina Hill	E70/3823	100%
Miling	E70/3824	100%
Gabatha Spring	E70/3825	100%
Silver Hills	E70/3826	100%
Bunjinbar Rocks	E70/3827	100%
York	E70/3828	100%
Goondandano Well	E70/3854	100%
Badji Brook	E70/3855	100%
Jimperding Hill	E70/3900	100%

ASX ADDITIONAL INFORMATION (CONTINUED)

Location	Tenement	Percentage held / earning
South Darling Range		
Collie	E12/2	100%
Collie Rd	E70/3102	100%
Balingup	E70/3164	100%
Jarrahdale	E70/3194	100%
Harvey	E70/3195	100%
Dandalup	E70/3196	100%
Pt Solid	E70/3197	100%
Wugong	E70/3204	100%
Boyup Brook	E70/3471	100%
Mairdebring	E70/3472	100%
Bridgetown	E70/3473	100%
Palgarup	E70/3474	100%
Alco Fire Tower	E70/3532	100%
Grimwade	E70/3539	100%
Wilga West	E70/3540	100%
Dininup	E70/3565	100%
Pimelea	E70/3571	100%
Wahkinup	E70/3572	100%
Dondinup	E70/3573	100%
Gnowergerup	E70/3574	100%
Carlotta	E70/3575	100%
Darkan	E70/3576	100%
Keralarup	E70/3577	100%
Ginganup	E70/3578	100%
Moriartys Well	E70/3581	100%
Meranup	E70/3614	100%
Southampton	E70/3622	100%
Mokup Hill	E70/3624	100%
High Peak	E70/3625	100%
Wishart Road	E70/3626	100%
Yornup	E70/3627	100%
Division Rd	E70/3628	100%
Donnybrook	E70/3632	100%
Wilgarrup	E70/3642	100%
Warrungullup Pool	E70/3643	100%
Moodiarrup	E70/3644	100%

ASX ADDITIONAL INFORMATION (CONTINUED)

Location	Tenement	Percentage held / earning
Wakalwararup	E70/3655	100%
Nugulup	E70/3656	100%
Blackwood	E70/3657	100%
Savage Creek	E70/3807	100%
Donnelly River	E70/3808	100%
Donnelly River	E70/3980	100%
Donnelly River 2	E70/3809	100%
Donnelly River 2	E70/3979	100%
Donnelly River 3	E70/3981	100%
Donnelly River 3	E70/3810	100%
Wagin	E70/3829	100%
Mt Latham	E70/3830	100%
Lake Clear	E70/3831	100%
Kojonup	E70/3832	100%
Wigwam Soak	E70/3833	100%
Yeriminup Hill	E70/3834	100%
Bakers Hill	E70/3835	100%
Peach Hill	E70/3836	100%
Walgarrup River	E70/3837	100%
Gregory Road	E70/3903	100%
East Darling Range		
Congelin	E70/3179	100%
Dattening	E70/3180	100%
Taurus	E70/3485	100%
Coodjatotine	E70/3486	100%
Hotham	E70/3487	100%
Neika	E70/3490	100%
Minigin	E70/3491	100%
Popanyinning	E70/3618	100%
Williams	E70/3623	100%
Beverley	E70/3633	100%
Brookton	E70/3634	100%
Quanamining Hill	E70/3652	100%
Dryandra	E70/3746	100%
Wandering	E70/3890	100%

ASX ADDITIONAL INFORMATION (CONTINUED)

Location	Tenement	Percentage held / earning
Kimberley Project		
Gardner Plateau	E04/1853	100%
Doongan	E04/2011	100%
Pollard Hill	E80/4180	100%
King Edward	E80/4181	100%
Head Hill	E80/4223	100%
Granvill	E80/4258	100%
Doongan	E80/4259	100%
Northern Territory		
Raragala Island	E27303	100%
Drysdale Island	E27302	100%

BAUXITE
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