

BAUXITE RESOURCES LTD

ABN 72 119 699 982



JUNE 2008 QUARTERLY REPORT

No 3/159 Adelaide Terrace
PO Box 6664
East Perth
WA 6892

Tel: +61 8 9221 5019
Fax: +61 8 9221 4385
Email:
admin@bauxiteresources.com.au
Web:
www.bauxiteresources.com.au

ASX Code:
BAU: 107 million shares
BAUO: 54 million listed options
Market Cap (30 June 08)
BAU: A\$43.75 million
BAUO: A\$10.69 million
Cash
A\$7.7 million

Directors:
Luke Atkins
(Executive Chairman)
David McSweeney
(Non-executive Director)
Neil Lithgow
(Non-executive Director)
Robert Nash
(Non-executive Director)
Graeme Smith
(Company Secretary)

Executive Summary

CHINA TRIP

- ▶ Bauxite Resources Ltd (BRL) board delegation to China follows up on business enquiries and approaches made directly to BRL and indirectly to the WA State Government Department of Industry and Resources (DOIR) in China.

FOREIGN INTEREST IN BRL

- ▶ BRL in discussions with Asian interests on potential bauxite off-take, joint venture and direct investment opportunities.
- ▶ Interest expressed in other minerals potential in BRL's extensive ~9,400 km² tenement areas.

EXPLORATION PROGRAM

- ▶ Additional 13 Exploration Licences (ELs) applied for in the Darling Ranges since April 2008.
- ▶ As at 30 June 2008, BRL has 44 tenement licences (3 granted and 41 in application).
- ▶ Tenements and tenement applications now cover over 9,400km² of highly prospective bauxite ground including the world-class bauxite production region of the West Australian Darling Ranges.
- ▶ Historical data review now well advanced and continues to identify priority areas for exploration.
- ▶ Exploration programme now in target generation phase, areas identified along strike and adjacent to known bauxite rich ground.
- ▶ Target generation:
 - ▶ **Stage One** is targeting a >30Mt bauxite resource to underpin a minimum 2MTpa Direct Shipping Ore (DSO) operation.
 - ▶ **Stage Two** is targeting a bauxite resource to underpin the potential to supply an alumina refinery.
- ▶ Native title agreements successfully negotiated and executed in relation to priority ELs for DSO operation.

BUSINESS PLAN

- ▶ External and in-house scoping analysis continues, providing costing scenarios for proposed Stage One DSO operation.
- ▶ DSO related infrastructure discussions and negotiations continue.
- ▶ Longer term, Stage Two alumina refinery analysis continues.
- ▶ BRL's staged business strategy continues to be supported by latest market data regarding bauxite demand and alumina prices.

INFRASTRUCTURE REQUIREMENTS FOR DSO

- ▶ New ELs relatively close to existing infrastructure facilities.
- ▶ Direct relations formed between BRL and necessary infrastructure providers required for DSO, discussions and negotiations ongoing.

ADMINISTRATION

- ▶ Successful move into new corporate offices on Adelaide Terrace, Perth.
- ▶ Search for a suitably qualified and experienced Managing Director continues.
- ▶ Essential corporate support staff now recruited.

BACKGROUND

Bauxite Resources Limited (BRL), ASX code BAU, launched in May 2006 with a vision to become a significant bauxite and alumina producer. By October 2007, following a successful seed capital raising, BRL successfully listed on the Australian Securities Exchange (ASX), closing early and oversubscribed, raising \$7.5 million on IPO. BRL is currently the only ASX-listed junior bauxite explorer with extensive tenement applications in the highly prospective Darling Range. This area in Western Australia is reportedly the largest producing alumina region in the world supplying approximately 17.5% of the world's alumina and is the location of Alcoa's Huntly Mine, one of the largest producing bauxite mines in the world. The Darling Range is also the location of three of the top five alumina refineries in the world in terms of lowest operating costs and lowest environmental impact.

BUSINESS PLAN OVERVIEW

BRL has initiated a Two Stage Business Plan:

- **Stage One:** the South Darling Range project which comprises 22 ELs covering 4,458km² – Shorter term plan will target a >30 MT resource necessary to support the commencement of a +2MTpa DSO operation and will seek to utilize existing infrastructure through the Port of Bunbury and/or Kwinana.
- **Stage Two:** the North Darling Range project which comprises 16 ELs covering 3,133km² – Longer term plan targeting a resource large enough to support the development and establishment of an Alumina Refinery.

BRL's Business Case

BRL's exploration and business development strategy continues to be supported by the latest market data regarding the global, and in particular, Chinese bauxite demand. Alumina and aluminium prices are holding up well in the current market and demand for the metal remains strong.

China Delegation

In April this year, BRL sent a four member delegation to China to follow up on various approaches made directly to the company and to the West Australian State Government, Department of Industry and Resources (DOIR) representatives in China, relating to bauxite and alumina off-take investment and joint venture opportunities.

The information obtained on the trip was highly informative and gave the delegation an enlarged perspective of the China growth story and how this specifically relates to the bauxite and alumina industries. Furthermore, the discussions, briefings and presentations on the trip have generated a high level of interest in the Company and its projects.

Administration

BRL has successfully relocated to larger premises in Adelaide Terrace, Perth, to accommodate the need for increasing staff resources necessary to facilitate the Company's growth.

Corporate Philosophy

The Company has assumed the following corporate philosophy:

“To be a sustainable generator of economic and social prosperity to all stakeholders through the responsible development of resources.”



Bauxite Resources Ltd board meeting 5th March 2008

From left: Graeme Smith (Company Secretary), Robert Nash (Director), David McSweeney (Director), Luke Atkins (Executive Chairman) and Neil Lithgow (Director).

EXPLORATION PROGRAM

Overview

The Company's exploration program continues on as scheduled with reviews of significant volumes of historical data progressing well within areas identified as having the greatest potential. This forms the basis of the target generation phase and part of the staged approach to defining a JORC compliant resource for Stage One of the project.

Additional Exploration Licences

Since April 2008, and as a result of analysis of historical data, the Company has applied for 13 additional Exploration Licences (ELs). In total, BRL has now applied for 44 tenements in its three project areas; 38 tenements are located in the North and South Darling Range projects areas and six tenements in the Kimberley project area. Three of these licenses have been granted in the North Darling Range Project area.

Target generation

The initial target generation phase has been significantly expanded during the June Quarter and the September Quarter will see a move into a program planning phase. Following this BRL will seek to obtain the necessary land access and regulatory approvals prior to commencement of a drilling program to define a JORC compliant resource.

Historical Data Review

The Company continues to review significant volumes of historical data, some of which goes back 38 years. The Exploration team under Exploration Manager, Peter Bleakley, has undertaken extensive reviews of this data, as part of the target generation phase of the exploration programme. The extensive review of historical data has involved the digital capture of thousands of historical drill-hole logs and locating and electronically plotting these onto BRL's tenements. This exercise is continuing and has resulted in the identification and subsequent application of tenement licences in areas targeted as having the greatest potential for BRL's Stage One development, as well as the identification of new areas along strike and adjacent to known bauxite rich areas.

The reviews include historical data from:

- CSR/Pacminex and its Muchea Alumina Projects in the North Darling Range;
- Vam Ltd and Project Mining Corporation Ltd's data in the South Darling Range;
- BHP's Williams Bauxite Project's data to the east of their Mount Saddleback bauxite mine (which supplies the Worsley Alumina Refinery), and
- historical data from Alcoa for work around Collie and Harvey.

The electronic plotting of historic drill holes over the previously explored land area has ascertained that some of the areas cover freehold land areas which are pre-1899 Crown Grant land, with non-precious minerals vested to owner. This will require the negotiation of royalty arrangements similar to access arrangements required for post 1899 Crown Grant to freehold land owners.

Targets

The initial Stage One program is targeting a >30MT resource to support the commencement of a 2MT pa DSO operation – hence the initial targeted areas comprise areas of crown land and degraded freehold farm land close to existing infrastructure, including rail lines and ports.

Native Title Agreements

Native Title Standard Heritage Agreements have been entered into with the Gnaala Karla Booja people covering Exploration Licences E12/2, 70/3195, 70/3196 and 70/3197. These EL's have been identified by the Exploration Manager as a priority for the commencement of a DSO operation from Bunbury.

Exploration Program Planned for September Quarter

Exploration work planned for the September Quarter will focus on the collation of the historical exploration database as well as target generation and surface mapping. It is anticipated targets generated from this work will be tested by drilling in the September/December Quarters once all the necessary land access arrangement and regulatory approvals are received.

DSO PRELIMINARY SCOPING STUDIES

BRL continues with preliminary Scoping Studies on its North and South Darling Range Project areas to advance both the exploration program and the Stage One strategy of developing a sustainable DSO

export business. Furthermore, as part of the studies, BRL is assessing the potential to develop an Alumina Refinery as part of Stage Two of the development.

PROJECT INFRASTRUCTURE REQUIREMENTS FOR DSO OF BAUXITE

During the Quarter BRL has refined the Key Activity Program (KAP) to include a comprehensive breakdown of the necessary infrastructure requirements required to support a 2MT pa plus DSO operation.

The requirements vary in relation to a range of possible mine or pit locations within BRL's Darling Range tenements. There are numerous infrastructure variables to be considered, especially when bearing in mind that BRL's tenements stretch from Moora in the North to Manjimup in the South, some 400km. This creates a larger number of options and possibilities when considering there are two ports - Bunbury and Kwinana - adjacent to the tenements, as well as a comprehensive rail network.

INFRASTRUCTURE PROVIDERS

Direct relationships have been formed between BRL's Project and Infrastructure Manager and the key infrastructure providers of rail and port access within the Darling Range region. Preliminary parameters and estimated costs have been defined for inclusion in the design and selection of possible infrastructure options. This has set the frame work for negotiations for the provision of those infrastructure services.

In the coming Quarter it is envisaged that a prioritising of the possible mine or pit locations will lead to a rationalisation of the infrastructure options and will assist in the refinement of designs and selection process.

BENEFICIATION OF BAUXITE FOR DSO

The shipping component of a DSO operation is an important variable in any bulk minerals exporting operation which the Company has been seeking to address by exploring the possibilities of beneficiation. The beneficiation options for Darling Range bauxite have been identified by external consultants Hatch as:

- Grinding,
- size separation,
- magnetic separation,
- flotation; and
- gravity.

To increase BRL's knowledge and understanding of the characteristics of the Darling Range bauxite and the possibilities for beneficiation, work has continued with input from leading metallurgist groups and consultants. It has been established that due to the specific nature of Darling Range bauxite, a scoping document and methodology technique for the beneficiation testing program needs to be refined. This is currently being progressed in conjunction with leading consultants with the intention for this to be programmed in tandem with the selected drilling/exploration operation.

BENEFITS OF DARLING RANGE BAUXITE

Following the China trip and discussions with interested parties, it has become apparent that the benefits attributable to the Darling Range style of bauxite need to be fully investigated to ensure maximum value can be extracted. To this end, BRL has been fortunate to secure the services of a leading consultant with vast experience in Darling Range bauxite.

NORTH DARLING RANGE PROJECT (16 ELS COVERING APPROXIMATELY 3,133km²)

The North Darling Range project (Figure 1 attached, see page 9) encompasses the tenement areas that lie north of Perth. This covers part of an area in the Darling Range which was the subject of major exploration work completed in the late 1960's, 1970's and 1980's by,

- CSR / Pacminex;
- Project Mining Corporation (PMC);
- Bridge Oil Pty Ltd; and
- Vam Ltd.

CSR/Pacminex, PMC and Bridge Oil all conducted non-JORC compliant resource estimates using various parameters, in summary:

- Over 10,000 drill holes comprising 172,000 feet drilling carried out;
- 87,950 samples were taken;
- 1971 State Refinery Agreement reached (now lapsed).
- In excess of \$2million (circa in the order of \$40m in today's terms) spent up until 1971 on the CSR/Pacminex Project.
- Additional BRL ELs in areas adjacent to previously explored ground.

Tenements held by the company in the North Darling Range Project area also cover significant areas with bauxite laterites indicated from the Geological Survey of Western Australia 1:250,000 scale geology map sheets. Field verification by the Company confirms extensive bauxite laterites within its tenements. To the knowledge of the Company, no exploration to assess the economic potential of these additional bauxitic laterites has been carried out to date.

The bauxite laterites are largely preserved on plateaus and form outcropping ridges. The historical drilling has largely identified bauxite mineralisation from surface to a maximum depth of 12 metres. The bauxite laterites are commonly in the order of three metres in thickness, and overlie a distinguishable saprolite weathered zone.

Work continues on the digitisation of historical data to enable the prioritisation of exploration targets and reconnaissance mapping and has outlined a number of potential targets areas. Work planned for the next quarter will focus on continued target generation and surface mapping followed by, and subject to, the procurement of all necessary land access arrangements and regulatory approvals, and subsequently the commencement of drilling in the September Quarter on those granted tenements.

It is envisaged that drilling will initially focus on those areas identified by CSR/Pacminex as containing economic bauxite mineralisation for which there currently exists non JORC compliant reserve estimates previously reported and then to focus on other areas identified by BRL.

SOUTH DARLING RANGE PROJECT - 22 ELS COVERING APPROXIMATELY 4,458KM²

The South Darling Range project area (Figure 1 attached, see page 9) encompasses areas that lie south of Perth. This area covers large areas of privately owned land within the Alcoa State Agreement area, and now following further exploration licence applications, significant areas of ground adjoining Alcoa and Worsley Alumina's mineral lease areas. These extend from Jarradale in the north in a broad band that covers Williams to the east and down through to south of Manjimup.

The project covers areas previously identified in historical reports prepared by Project Mining Corporation and Bridge Oil Pty Ltd as containing bauxite resources. Further, the project covers additional areas reported by the West Australian Geological Survey as containing bauxitic laterites.

EL70/3312, in the Manjimup area of the South Darling Range, covers parts of areas which were previously explored for bauxite by Vam Ltd from 1969 to 1973. In 1970, Vam Ltd completed a resource estimation which had average grades of 34% available alumina. Drilling by Vam Ltd of the residual Tertiary/Quaternary lateritic bauxites overlying the Archaean granitic and gneissic basement had been completed with 2,368 Scout holes for 6,891 metres. The Scout drilling was completed along tracks and areas which were selected visually on the ground and from monochromatic aerial photographs.

This project area has been identified during the exploration process as having the greatest potential to support a DSO project out of the Bunbury Port.

The Company strategy for the South Darling Range Project area is to identify sufficient bauxite resources to ship bauxite ore direct to overseas markets. Some of the tenements cover areas that may relate to Alcoa and Worsley State Agreements. The terms of the State Agreements may affect the Company's applications to explore for bauxite, in which case the Company intends to negotiate with the relevant parties in an effort to secure bauxite exploration and mining rights to these areas.

KIMBERLEY BAUXITE PROJECT – 6 ELS COVERING APPROXIMATELY 1,814KM²

In keeping with the Company's prescribed, staged business development, BRL has formulated a business strategy to accommodate its Kimberley tenement holdings (Figure 2 attached, see page 10). Progress has been made for this longer term project with tenement applications pending and work for the quarter encompassing the review of known resources on adjoining ground and the interpretation of satellite imagery as part of further target generation and landholding rationalisation.

Following a review of the current ELs by BRL's exploration manager over the quarter it is anticipated that further ground deemed prospective for bauxite will be applied for early in the next quarter.

Negotiations continue with the Kimberley Land Council in relation to Native Title Land access agreements.

The current status of the proposed LNG Browse Basin development is being followed closely by the Company as infrastructure expansions in this area will impact on any future developments; in particular nine possible sites have been shortlisted for the development of the proposed Inpex LNG project. See Figure 2, page 10 for two of the shortlisted possible development sites, one of which is adjacent to BRL's tenements. There has been some interest from the mining industry relating to the capacity of the proposed hub site to incorporate mineral processing at a later date; however the WA Government's current preference is to limit the hub to LNG and related downstream processes only.

ASIAN BAUXITE DEMAND UPDATE

- BRL's business case continues to be supported by strong Chinese demand for bauxite.
- Bauxite maintains price rises gained in the first quarter of 2008.
- Aluminium price rises approximately 25% this year.
- China's consumption of aluminium quadrupled – now accounting for 22% of total world consumption.
- China reportedly experiencing major bauxite supply issues.

CORPORATE SUMMARY

As at 30 June 2008, BRL had 913 shareholders and 485 Option holders with the Top 25 holding 67% of the Company, comprising 72 million shares.

As at 30 June the Company had A\$7.7 million cash on hand.



Luke F Atkins
Executive Chairman

In accordance with the Australian Stock Exchange requirements, the technical information contained in this report has been reviewed by Mr. Neil Lithgow, a director of the company. The information in the report to which this statement is attached that relates to Mineralisation is based on information reviewed by Mr. Lithgow, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Lithgow has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 JORC Code Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Mr. Lithgow consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

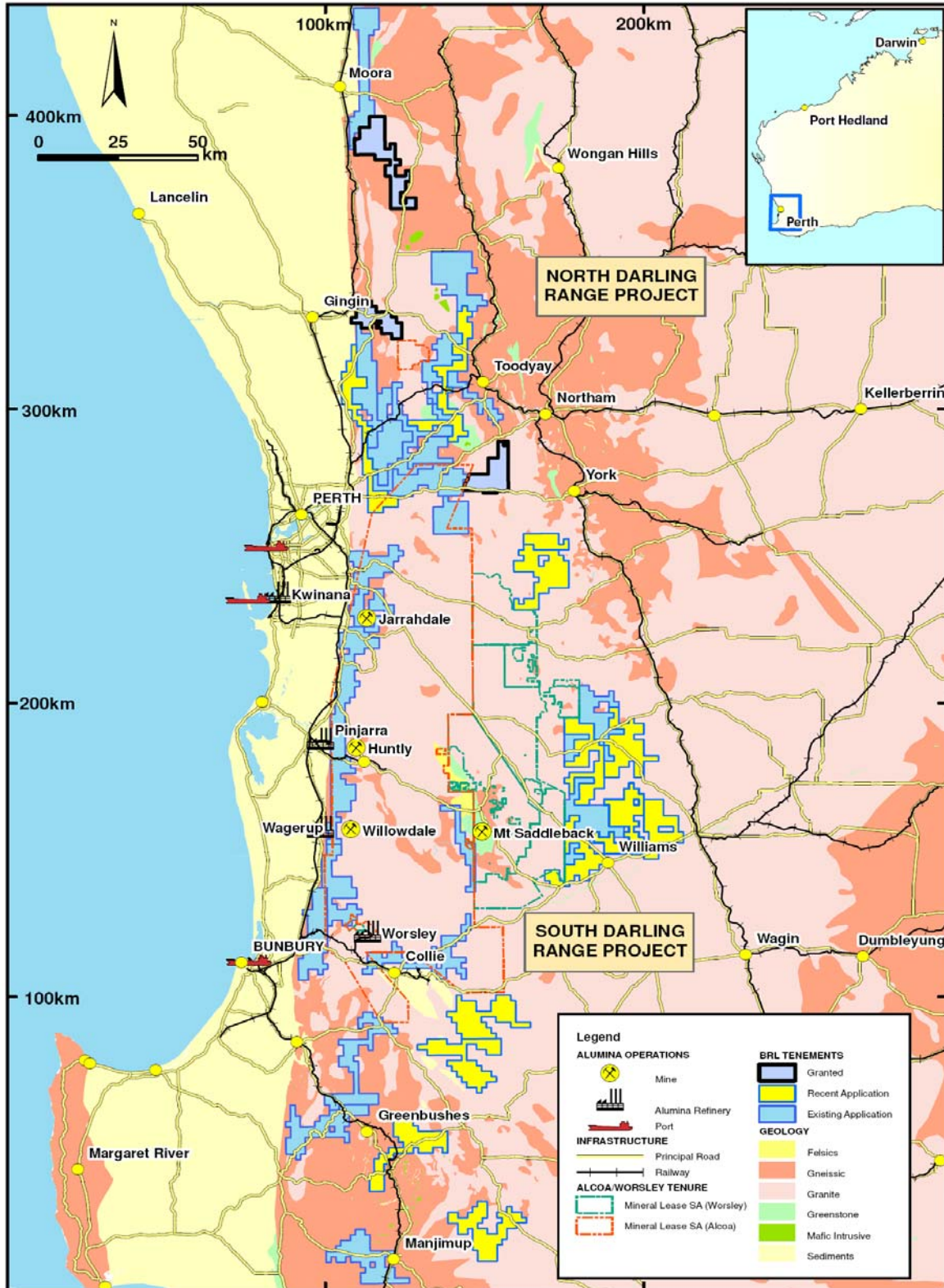


Fig. 1 - Updated Map showing Darling Range tenement holdings.
 New tenements shown in yellow.

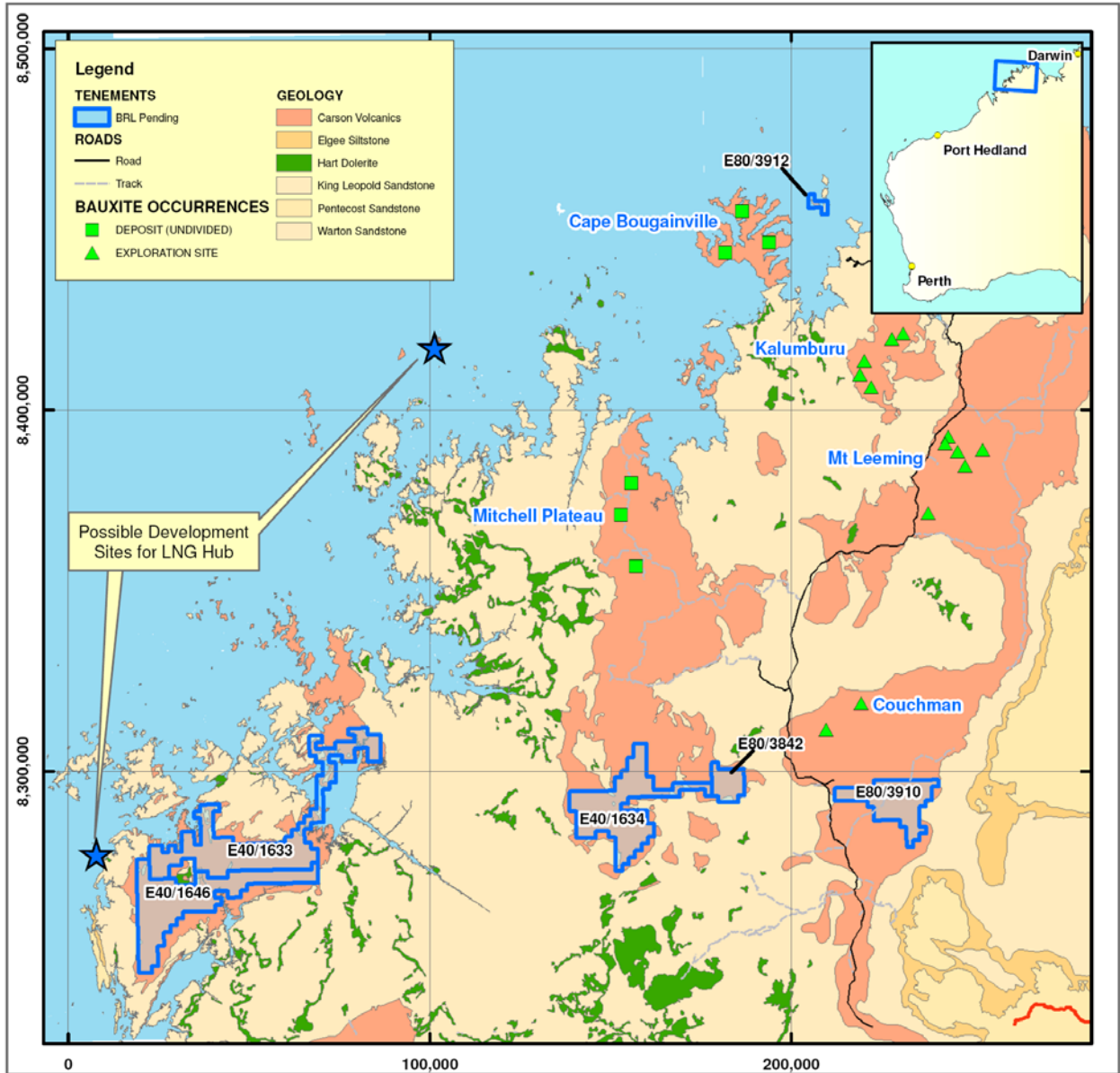


Fig. 2 - Kimberley tenement holdings.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Bauxite Resources Limited

ABN

72 119 699 982

Quarter ended ("current quarter")

30 June 2008

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(243) - - (251)	(436) - - (757)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	124	427
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	(72)	(72)
Net Operating Cash Flows	(442)	(838)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (117)	- - (125)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(117)	(125)
1.13 Total operating and investing cash flows (carried forward)	(559)	(963)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(559)	(963)
Cash flows related to financing activities			
1.14	Proceeds/(over subscription) from issues of shares, options, etc.	77	8,116
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) Share issue transaction costs	(54)	(695)
	Net financing cash flows	23	7,421
	Net increase (decrease) in cash held	(536)	6,458
1.20	Cash at beginning of quarter/year to date	8,177	1,183
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	7,641	7,641

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	99
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows.

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest.

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	-
Total	250

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	142	1,196
5.2 Deposits at call	7,499	6,981
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	7,641	8,177

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining tenements acquired or increased	E70/3432	Application	-	Pending
	E70/3433	Application	-	Pending
	E70/3488	Application	-	Pending
	E70/3489	Application	-	Pending
	E70/3471	Application	-	Pending
	E70/3472	Application	-	Pending
	E70/3473	Application	-	Pending
	E70/3474	Application	-	Pending
	E70/3485	Application	-	Pending
	E70/3487	Application	-	Pending
	E70/3486	Application	-	Pending
	E70/3490	Application	-	Pending
	E70/3491	Application	-	Pending

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	108,026,070	52,341,070		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	388,570	388,570		
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

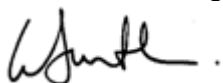
7.7	Options <i>(description and conversion factor)</i>	53,430,180	53,430,180	Exercise price	Expiry date
		2,000,000	-	20 cents	31 January 2009
		4,000,000	-	25 cents	15 May 2012
		9,000,000	-	40 cents	15 May 2012
		100,000	-	20 cents	31 May 2012
				50 cents	31 May 2012
7.8	Issued during quarter	100,000	-	50 cents	31 May 2012
7.9	Exercised during quarter	388,570	388,570	20 cents	31 January 2009
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: 30 July 2008

Print name: **Graeme Smith**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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