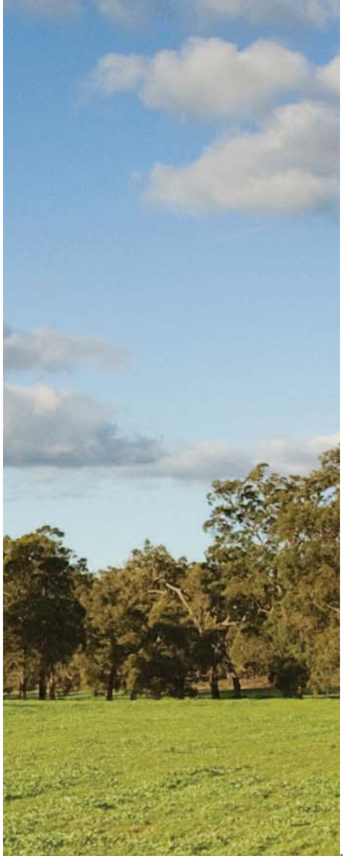
BAUXITE RESOURCES LIMITED

ANNUAL REPORT 2011







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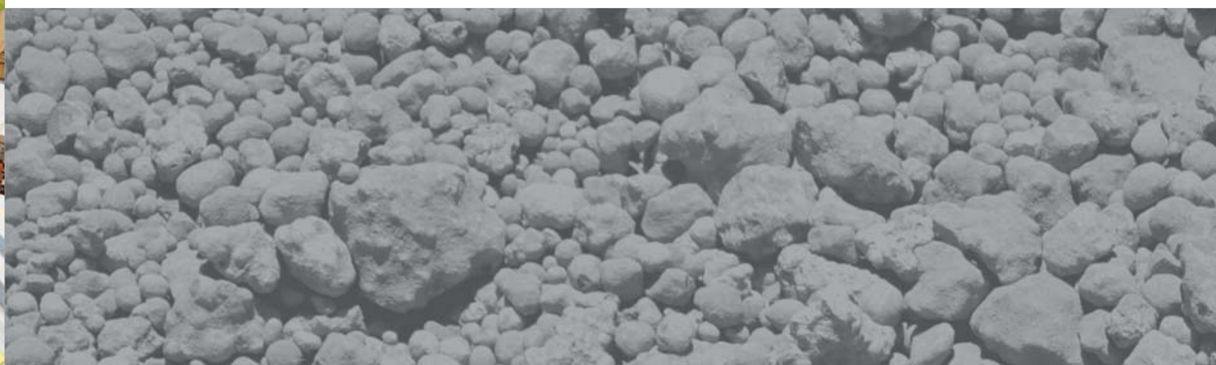

A YEAR OF PROGRESS

Corporate Directory

DIRECTORS

Barry Carbon (AM) - Chairman

Scott Donaldson –
Chief Executive Officer & Executive Director

Luke Atkins - Non Executive Director

John Sibly - Non Executive Director

Neil Lithgow - Non Executive Director

Robert Nash - Non Executive Director

Ding Feng - Non Executive Director

Yan Jitai - Non Executive Director

COMPANY SECRETARY

Paul Fromson – Chief Financial Officer

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BRL BAUXITE RESOURCES LIMITED

Executive Summary

A YEAR OF PROGRESS

Key Developments and Achievements over the past 12 months

A year of progress, consolidation and new direction to maximise the benefits of Darling Range bauxite.

Downstream Alumina Refinery Strategy

The Bauxite Resources Ltd (BRL) Board brought forward the strategic plan to investigate the design and construction of a state of the art alumina refinery in the south-west of Western Australia due to the lack of recovery of bauxite prices. Shareholders voted overwhelmingly in favour of this strategy when the Heads of Agreement with joint venture partner, Yankuang Group, was approved at the AGM in November 2010.

Joint Venture Agreements - Yankuang Group

On 1 April 2011, Bauxite Resources and Yankuang Group officially commenced the Joint Ventures forming Bauxite Resources Joint Venture and the Alumina Refinery Joint Venture (Collectively BAJV).

The joint ventures (JV's) aim to prove up a minimum of 90 million tonnes (Mt) of refinery grade bauxite resource within three years and complete a feasibility study into the viability of building a refinery in Western Australia capable of producing 1.1 million tonnes per annum (Mtpa) of alumina.

Importantly the BAJV focuses on creating a valuable, long life project through the construction of a refinery business, whilst maintaining the option of early cashflow from the mining and export of high grade bauxite.

A refinery would allow the JVs to generate a value-added product and secure solid business margins to provide protection against cyclical markets. It would allow the Company to monetise the majority of our bauxite resources.

Alumina Refinery Timeline

Achievement of the agreed program targets would see the refinery feasibility study completed in 2014 and the refinery construction to be substantially commenced within two years after that. The alumina produced would be attributed 70 per cent to Yankuang and 30 per cent to Bauxite Resources while the Project would be expected to operate for a minimum of 20 to 25 years and if successful, for as long as 40 years.

Alumina Refinery Scoping Study

A scoping study for the development of the refinery is progressing, completion anticipated in 2011. The scoping study outcomes will determine the scope of the prefeasibility study. During the September quarter, the Company also commenced preliminary activities to determine the final preferred location of an alumina refinery. The results of these activities will be used in conjunction with the scoping study to prepare a list of potential refinery locations for discussion with stakeholders.

Reimbursement from Yankuang Group

In the first half of 2011, the Company received the sum of $9 million from Yankuang Group for the reimbursement of past exploration costs. In addition, Yankuang will pay 70 percent of the cost of all future exploration and mining for bauxite in return for a 70 percent interest in the bauxite rights in the JV tenements. This agreement has resulted in a reduction in exploration expenditure for Bauxite Resources.

North Darling Range Resource Upgrade

As part of the JV objective to prove up a minimum of 90Mt of refinery grade bauxite resource within three years, the Company commenced providing resource updates for the North Darling Range from May 2011.

Increase in total bauxite resource by 35% to 33.4Mt

The total bauxite resource (JORC) has increased by 35 percent to 33.4 million tonnes (Mt) in the north Darling Range area. Over the year the Company has defined eight projects, six of these now have inferred resources with a further two undergoing resource modelling.

Joint Venture Agreement - Shandong No1 Institute of Geology and Minerals Exploration

The Company has a joint venture agreement with Shandong No 1 Institute of Geology & Minerals Exploration (Shandong). This agreement covers 1,000km^2 of tenement ground whereby Shandong may earn 60 percent of the bauxite rights by funding 100 percent of exploration costs to successful completion of a bankable feasibility study and decision to mine.

Executive Summary - cont.

A YEAR OF PROGRESS

Key Developments and Achievements over the past 12 months

Half of the 24,000km^2 tenement area now granted in the Darling Range

Over the past 12 months the number of granted tenements in the Darling Range has increased from 13 to 51, comprising an area of 13,113 km^2 being half of the Company's current tenement area.

Three project areas increased to nine projects

During the year the Company has expanded its project areas and now has nine geological resource areas in the north Darling Range region.

Exploration ramp-up

The Company has seen increased progress in exploration drilling, laboratory analysis and resource modelling with three drill rigs now operating in the Darling Range.

Increase in Land Access agreements

The Company has 339 properties with land access agreements supporting and enabling the exploration program.

Kimberley tenement progress

The Company has five Exploration Licences granted and a further eight in application. An aerial survey has been completed and a desktop study is in progress.

Environmental Approvals

Following an application to the Environmental Protection Authority (EPA), Bauxite Resources received notice in September 2010 that its level of assessment for the proposed 2Mtpa mining operation at its North Bindoon Project would require an assessment via a Public Environmental Review (PER). The Environmental Scoping Document (ESD), which is a requirement of the PER, is now well underway and it is currently anticipated that a draft PER document will be lodged in the June quarter of 2012.

Financial Position

Following receipt of the $9 million reimbursement from Yankuang, Bauxite Resources has approximately $50 million cash on the balance sheet, no debt and $9 million of property, plant and machinery in assets. The Board is pleased with the strong financial position of the Company but notes that the share price is currently trading below the cash value of $0.21 per share.

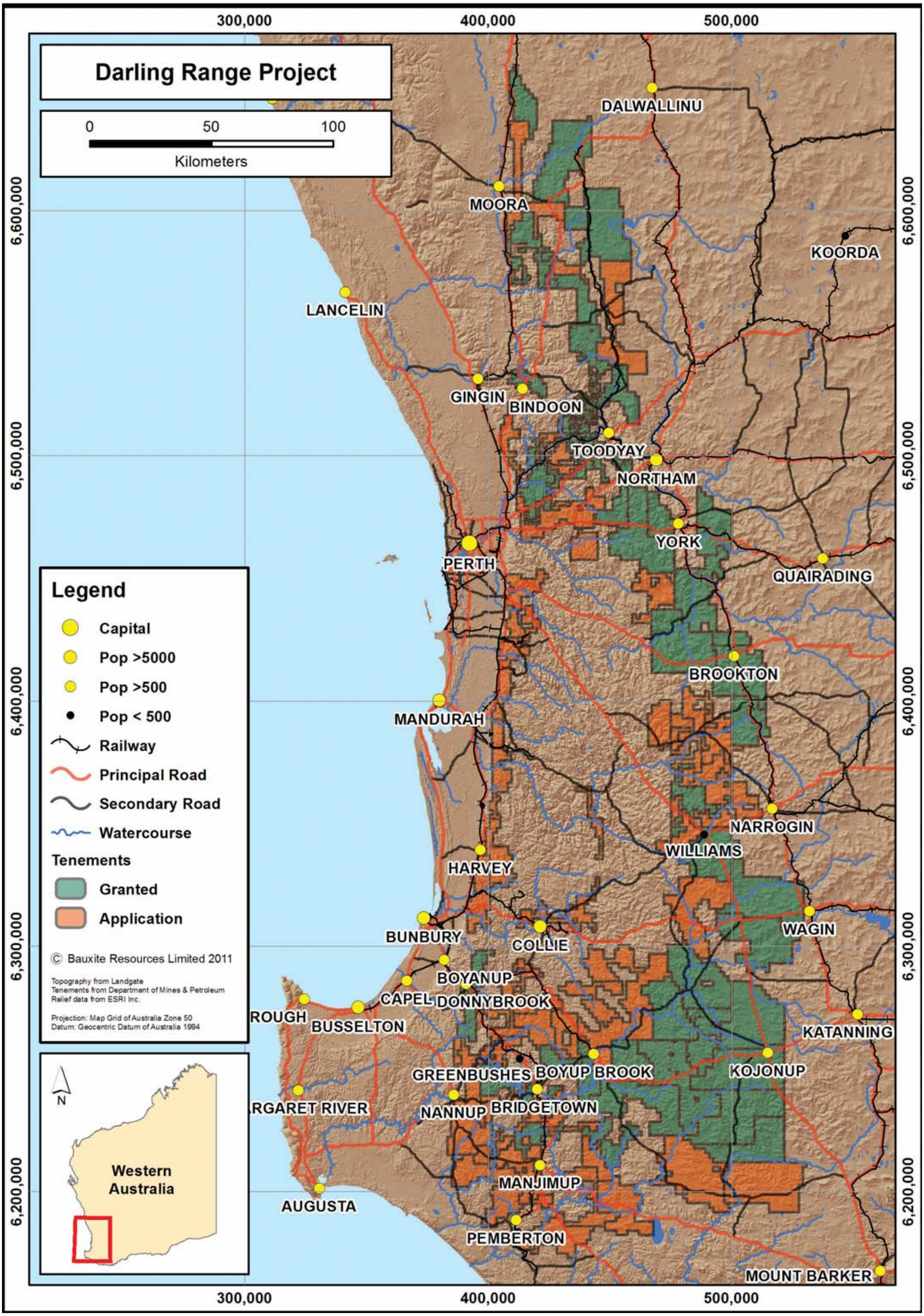
Board Structure

Scott Donaldson joined the Company as Executive Director and Chief Executive Officer on 31 January 2011. He has carried out a number of reviews of operations over the past six months to assess where improvements can be made internally.

In December 2010, the Board was strengthened by the appointment of John Sibly as a Non-Executive Director. Mr Sibly is an experienced process engineer and a well credentialed executive, with more than 35 years of operational and executive experience within the bauxite and alumina refinery sectors, including more than 15 years as a senior executive with Alcoa.

Outlook for the next 12 months

The Company's future looks positive, with many development options ahead. With the bauxite/alumina JV agreements now fully formed, Bauxite Resources is currently reviewing other mineral opportunities on all of the Company's tenements throughout the state of WA. Other minerals will be owned by Bauxite Resources and will allow the Company to make strategic investment decisions over the next 12 months.



Darling Range Project
0 50 100
Kilometers
300,000
400,000
500,000
6,600,000
6,500,000
6,400,000
6,300,000
6,200,000
DALWALLINU
MOORA
KOORDA
LANCELIN
GINGIN
BINDOON
TOODYAY
NORTHAM
YORK
PERTH
QUAIRADING
BROOKTON
MANDURAH
NARROGIN
WILLIAMS
HARVEY
WAGIN
BUNBURY
COLLIE
BOYANUP
CAPEL
DONNYBROOK
BUSSELTON
KATANNING
KOJONUP
GREENBUSHES
BOYUP BROOK
NANNUP
BRIDGETOWN
MANJIMUP
AUGUSTA
PEMBERTON
MOUNT BARKER
Legend
Capital
Pop >5000
Pop >500
Pop < 500
Railway
Principal Road
Secondary Road
Watercourse
Tenements
Granted
Application
© Bauxite Resources Limited 2011
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

A YEAR OF PROGRESS

"We have remained committed to our strategy and have worked hard on achieving a series of key strategic milestones during the year."

Chairman's Report 2011

Dear Shareholder

I am pleased to report that the 2011 financial year was a year of progress. We have remained committed to our strategy and have worked hard on achieving a series of key strategic milestones during the year.

Our new Chief Executive Officer, Scott Donaldson, commenced his role at the end of January 2011 and has carried out a number of operational reviews since his arrival as well as currently reshaping our staff structure to respond to the challenges of today.

We have cemented our exploration joint venture with Shandong No 1 Institute of Geology & Mineral Exploration by continuing to grow the explored and established bauxite resources on the Darling Range tenements under our JV arrangement. We have progressed from a Memorandum of Understanding into binding and operating agreements with Yankuang Group, one of the largest coal producers and multi-industrialists from China. This JV is also establishing and growing the bauxite resources on Darling Range tenements and is focussing on a Bankable Feasibility Study for an alumina refinery based on Darling Range bauxite. This proposal is about to deliver stage 1 by way of a formal scoping study that will inform and shape the work to come.

During the year we have progressed from 13 granted tenements in the Darling Range to 51 granted tenements. We have 339 agreements for exploration with landholders (mainly farmers), and at the time of writing, have three bauxite exploration rigs in operation. In addition, we anticipate that there will be some tenement approvals in areas of state forest over the next year.

Refunds amounting to approximately $9 million from our joint venture partners for previous exploration work have ensured that our cash balance remains above $50 million and BRL's future outgoings are expected to be modest. Whilst continuing to be conservative to ensure that BRL will be able to fund our future JV aspirations, our Board is receptive to reviewing future business opportunities where further shareholder value can be generated.

We have commenced the preliminary examination of the prospectivity for other minerals in our extensive Darling Range tenements and have started remote analysis of our Kimberley tenements. We continue our preparation for application for extraction of bauxite ore from North Bindoon and have made steady progress involving the local community while receiving strong landholder support.

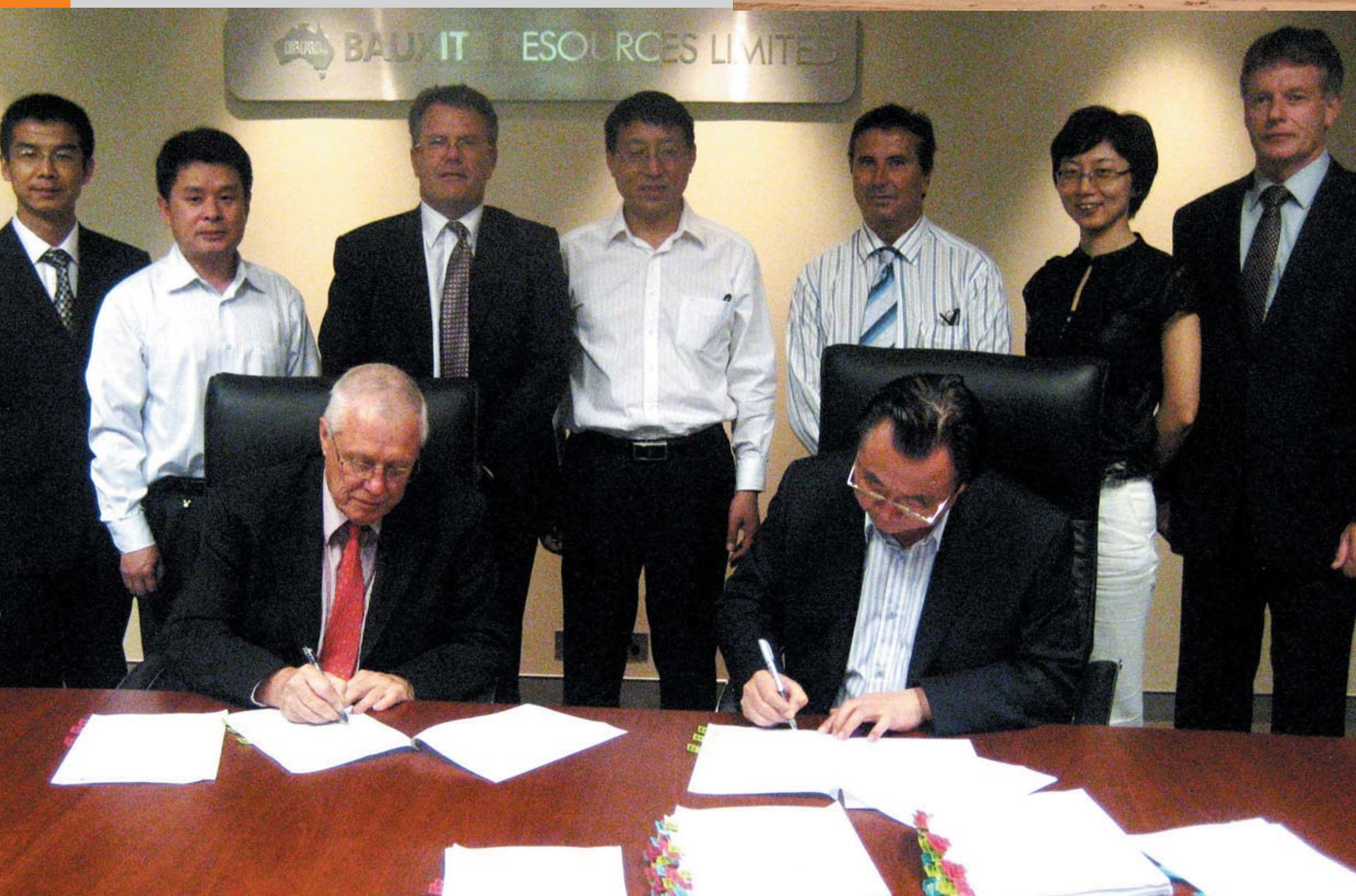
We thank you for your support over the past year and look forward to sharing further progress with you and our joint venture partners over the next 12 months.

Yours sincerely

Barry Carbon AM

Company Overview

Maximising the benefits of Darling Range bauxite for all stakeholders.



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

Bauxite Resources Ltd (BRL) was launched in May 2006 to participate in the bauxite and alumina industries in Western Australia.

The south-west of Western Australia has the ancient weathered geological feature the Darling Range; this spine of low hills contains large reserves of gibbsite bauxite typically low in reactive silica. This type of bauxite requires lower temperatures and lower pressures for alumina refining; these lower energy requirements represent considerable lower energy costs.

Darling Range bauxite and alumina industries

The attributes of Darling Range bauxite were first identified in the 1950's, today this region provides 23 percent of global alumina production principally due to the nature of the bauxite contained throughout the Darling Range.

This area has four of Australia's seven alumina refineries and four bauxite mines.

The bauxite mining and alumina refining industries in Western Australia have established global best practises for mining, rehabilitation and processing. These industries are leaders in sustainable resource development and together provided the state of Western Australia with revenue of $4.0 billion for the year 2009-2010.

Australia is the world's largest bauxite producer and the second largest producer of alumina. In 2009-10, Western Australia produced 63 percent of Australia's total alumina output, with growth in production remaining close to long-term growth rate of around 3 percent per annum.

Alumina is the sixth-largest sector of the Western Australia's resources industry and represents one of the State's key value-added products.

Bauxite Resources Ltd believes it is well positioned to become a part of this successful established industry.

Business Plan Overview

Capitalising on Darling Range bauxite

Bauxite Resources has pursued both a short term and long term strategy in its bauxite resource development.

Our short term strategy is to establish a bauxite direct shipping ore (DSO) and other products operation, with a view to exporting Darling Range bauxite to international buyers.

Part of this strategy is the referral of the Bindoon Bauxite Mining Proposal for an operation of 2 million tonnes per annum (Mtpa). The Environmental Protection Authority (EPA) has assessed the proposal and nominated a Public Environmental Review (PER) level of assessment.

A longer term strategy has been to add value to the bauxite resource by developing an alumina refinery in south-west Western Australia.

In January 2011, Bauxite Resources Ltd and Yankuang Resources Pty Ltd, a wholly owned subsidiary of Yankuang Group (Yankuang) formed a joint venture company, Bauxite Alumina Joint Ventures (BAJV), for a proposal to mine bauxite and to potentially construct and operate an alumina refinery in Western Australia.

Joint Venture Agreements

BRL has signed 10 Detailed Agreements for the proposed refinery that would produce 1.1 Mtpa of alumina by refining ~3.5Mtpa of Darling Range bauxite. The proposed refinery is subject to a bankable feasibility study (BFS), site selection, all regulatory approvals and substantial commencement within five years of the agreement date.

Subject to all necessary approvals and the decision by the parties to proceed under the BFS, Yankuang will pay 91 percent of the refinery construction costs and receive 70 percent of the alumina product. Bauxite Resources will fund 9 percent of the refinery construction cost and receive 30 percent of the alumina product and receive assistance from Yankuang to arrange financing. Yankuang will off-take half of BRL's share of alumina production for 10 years. Work towards site selection for the refinery has commenced and a target of establishing a bauxite resource of 60 million tonnes is set for 2011.

Ten Detailed Agreements signed between BRL and Yankuang including:

- Joint Venture Resource Agreement;
- Alumina Refinery Joint Venture Agreement;
- Shareholders Agreement (for Bauxite Resource Joint Venture Pty Ltd);
- Management Agreement for Joint Venture Resource Agreement;
- Management Agreement for Alumina Refinery Joint Venture Agreement;
- Rules for United Management Committee;
- Joint Venture Resource Agreement - Deed of Cross Charge;
- Alumina Refinery Joint Venture Agreement - Deed of Cross Charge;
- Voluntary Restriction Deed;
- BRL Subsidiaries Deed.

Business Plan Overview - cont

BAJV formally commenced on 1 April 2011 to enable the following:

• Funding for all activities from 1 April 2011 will be in accordance with the Joint Venture Agreements with expenditure split 90/10 on Bankable Feasibility Studies and 70/30 on Exploration activities (Yankuang/BRL respectively).

• Continuation of the scoping and site selection studies for a potential alumina refinery. The scoping study programs are well adavnced and form an integral part of the Bankable Feasibility Studies.

• BRL has been refunded a "Reimbursement Amount" being 70 percent of past exploration expenditure. This amount was approximately AUD$9 million announced to the ASX on 14 June 2011.

• Continuation of an exploration program, subject to normal statutory approval processes, to define the resources to underpin the proposed alumina refinery.

Exploration Activity

Exploration is focussed on all activities to provide continuous upgrades of Resources, these activities, such as Land Access, Geological Mapping, Drilling and Analysis have continuously improved and over the next 12 months resources definition will commence in the south Darling Range. A range of bauxite parameters and cut off grades are being evaluated to give optimum quantity for studies in both Refinery and Direct Shipping Ore considerations.

Refinery Site Selection

Preliminary work has commenced for Refinery Site Selection. This has involved the development of site exclusion criteria based predominantly on environmental constraints. Other criteria such as social and political context, land use zoning, and infrastructure and spatial requirements are being identified. These, coupled with outcomes from financial modeling work, will be used to develop a Site Selection Matrix and systematically identify a preferred site.

Refinery Proposal

The Refinery Proposal will be referred to the WA Environmental Protection Authority when key items of information are available. These include the locations of sites being considered and an indication of the source of the refinery feed. It is also advantageous to have Government and Community engagement programs sufficiently underway prior to a formal referral to the EPA.

Business Case - Market Conditions

Australia is the world's largest bauxite producer and the second-largest producer of alumina.

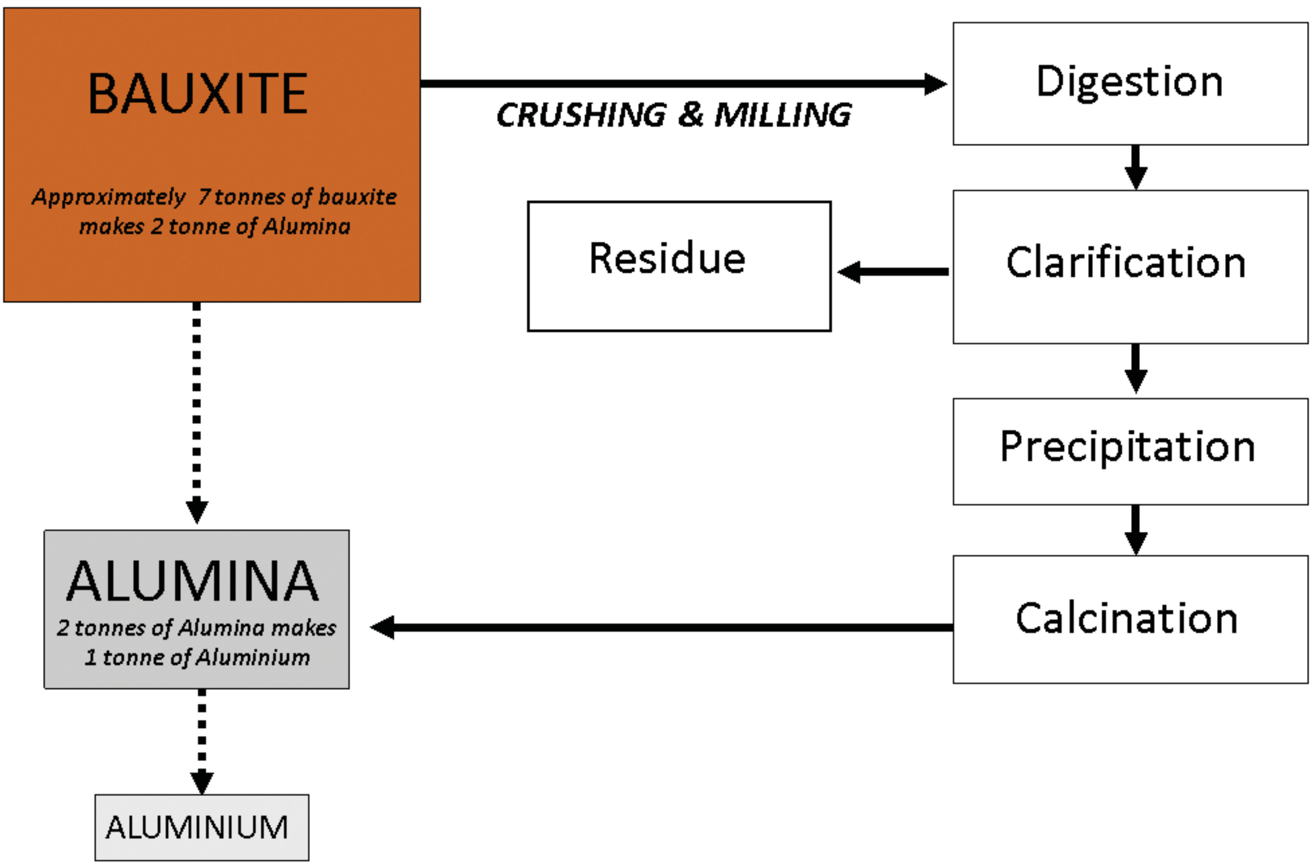
Australia is the world's leading producer of bauxite and its known resources of bauxite ore (reported as 5.8 billion tonnes in 2008) are estimated as sufficient to last between 50–70 years at current production levels.

Australia is the second largest producer of alumina in the world with 26 percent of global production. In 2009-10, Western Australia produced 63 percent of Australia's total alumina output, with growth in production remaining close to long-term growth rate of around 3 percent per annum.

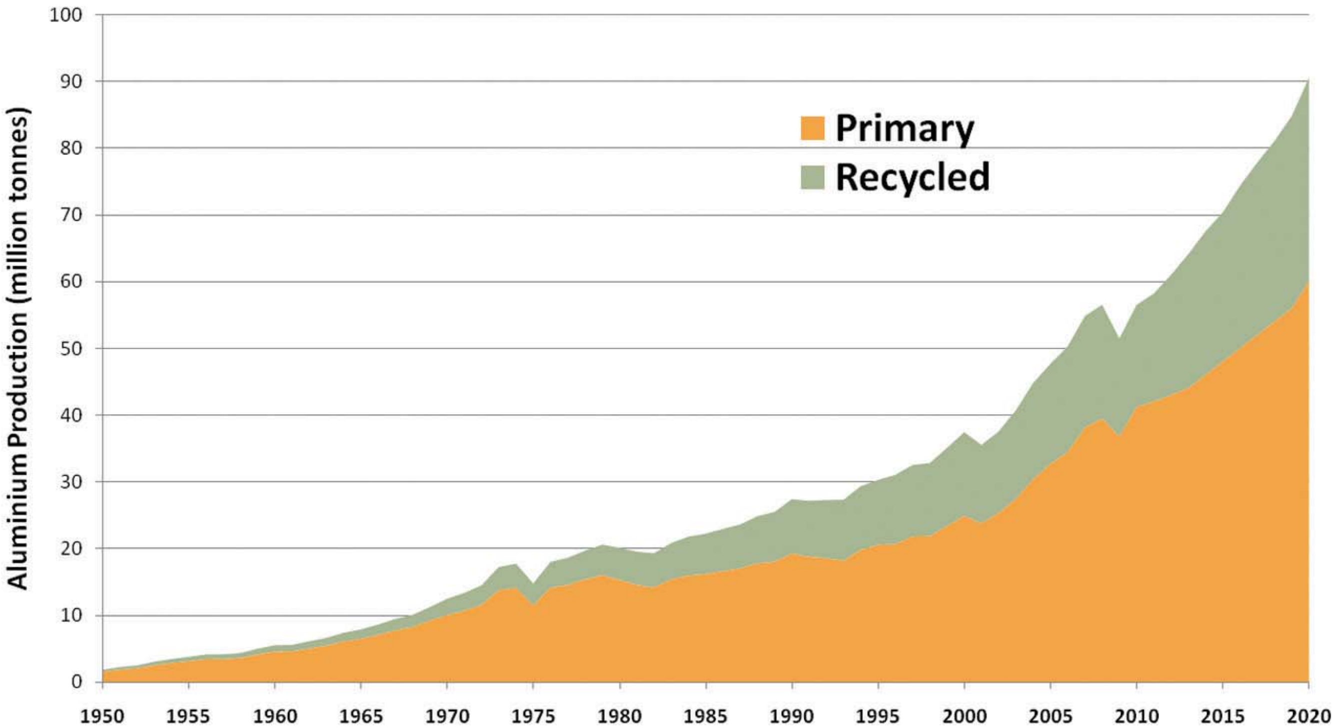
Bauxite Market

China has led the bauxite alumina market recovery post Global Financial Crisis (GFC) and continues to be the driving force of the global alumina demand and consumption due to the country's sustained economic growth. This has lead to an increase in bauxite imports into China and a Chinese Government directive to seek resource and investment opportunities to ensure continued bauxite and alumina supplies for China's growing demand for aluminium. China's annualised aluminium output shows a 50 percent year-on-year growth rate. (Source: Antaike Report June 2011).

Bayer Alumina Refining Process



Bauxite - Alumina - Aluminium



Growing demand for aluminium being met from primary and recycled metal sources.
Source: International Aluminium Institute

Alumina Market

Market demand for alumina has increased steadily since the GFC of 2009. The key driver of the alumina market recovery has been improving economic conditions since 2009. Australian exports of alumina are expected to increase in line with the projected increase in production. ABARE forecasts that the volume of alumina exports will increase by 7 percent to around 17.6 million tonnes in 2010–11. The value of Australia's alumina exports is forecast to increase by 20 percent in 2010-11.

Western Australian Alumina Supply

Western Australia's total alumina sales reached a value of $3.8 billion in 2009-10. Alumina exports increased by 3 percent in 2009-10 with 12.6 million tonnes of alumina exported. Alumina is the sixth largest sector of Western Australia's resources industry and represents one of the State's key value-added products.

Australian Aluminium Industry

Australia is the world's fourth largest producer of primary aluminium, producing 1.95Mt, with an estimated 0.27Mt being transformed into downstream products (beyond the smelter gate) and 1.67Mt (86 percent) exported.

Exploration Program

BRL

Exploration Program

Combined Project Areas of 29,000km^2

Bauxite Resources Limited (BRL or 'the company') has over the last 12 months applied for 18 new tenements, 12 in the Darling Range and six in the Kimberley. Total tenements are now 127, of which 112 are Darling Range, 13 Kimberley and two Northern Territory. The square kilometres covered by Exploration Licences in the Darling Range now stands at 24,000 km^2.

As at 30 September 2011, the company has 127 Exploration Licences of which 51 have been granted in the Darling Range region, and five in the Kimberley region. Over the last 12 months there has been 44 tenements granted, 38 in the Darling Range and five in the Kimberley regions. 35 of the Darling Range tenements have been granted in the last six months, now giving the Company an area of 13,113km^2 available for exploration. The total tenement package covers 29,800km^2.

The Company has three regional areas within the Darling Range, and has further divided these into several project areas. In additional the Company has project areas in the north of Western Australia and in the Northern Territory.

The Company has concentrated on conducting reconnaissance mapping, rock chip sampling and vacuum drilling of targets in the Darling Range project area. During the 12 months to 30 June 2011, a total of 11,532 holes were drilled for 42,590 metres. This brings the total drilling to 17,608 holes for 74,492 metres.

The exploration program objective is to define sufficient bauxite mineralisation to support the Company's stated business objectives of establishing sufficient resources to allow a Feasibility Study for an alumina refinery in the South West to proceed; and to define high grade bauxite suitable for a Direct Shipping Operation.

The drilling undertaken to date has allowed the Company to announce three resource estimates in Inferred and Indicated with a combined JORC Resource of 33.4Mt @ 41.1 percent Total Al_20_3, 30.2 percent Available Alumina and 3.9 percent Reactive Silica. Further additional resource announcements will occur at regular intervals as results from continued drilling become available.

BAJV's highly experienced Land Resource team.

The Resources Development team is lead by Mr Peter Senini. He has over 40 years experience as a geologist in commodities including coal, uranium, gold and base metals. He has over 20 years in bauxite with Alcoa, in senior geological and mine planning positions and in bauxite evaluation throughout Australia, Asia and other international locations during this time.

A highly experienced, dedicated and enthusiastic team has developed over the last 12 months. The pace of tenement grants has increased significantly, and the workload and output of the team has risen to outstanding levels.

Historical Data Review

The Company completed a review in quarter three of 2010, of the substantial volumes of historical data relating to exploration and drilling conducted by companies exploring for bauxite in the Darling Range. The knowledgeable and experienced staff now engaged by BAJV provides most of the targeting input, with reference still made to historical information as required.

Darling Range Ground now totals around 23,500km^2

The target generation phase has moved to systematic drill out of defined targets in the North Darling Range, while drilling in the South Darling Range has commenced on a smaller scale. As noted previously the granting of tenements has increased significantly and exploration activities, especially in the south, will also have a major increase.

The Company has expanded the Land Access team, and Landowner Agreements are being completed on a regular basis. In respect of private land where landowners consent is necessary for exploration, 339 property consent agreements have been signed.

The Company is undertaking Aboriginal Heritage Risk assessments on areas subject to drilling and has trained all field personnel in the recognition of Aboriginal sites and artefacts. The Company is also arranging Cultural Heritage training in conjunction with the relevant indigenous groups whose land overlaps the Company tenements.

Exploration Environmental Studies

Dieback and flora surveys are being conducted within our priority tenements throughout the South Darling Range.

These surveys will occur seasonally and provide the information required for the Conservation Management Plan. This document must be approved by the Department of Environment and Conservation (DEC) prior to access into state forest for exploration activities.

Indigenous Heritage surveys are also being undertaken throughout various areas within the company's tenement holdings.

Government and Community Engagement

BAJV recognises the importance of building and maintaining effective working relationships with the community and Government at all levels.

Engagement of Federal, State, and Local members of Government on the Refinery proposal has commenced and will continue. BAJV will seek out and consider the advice from appropriate parties and Regional Development Committees to inform the Refinery site selection process.

Early engagement with members of the local communities that may be involved in the Refinery proposal is critical. When the location of these communities have been identified, BAJV will start implementing the Community Engagement Program. This program will provide an insight into issues of importance to each community, and establish two-way communication channels between BAJV and the community.

JORC Classification	JV	Dry tonnes ('000,000)	Al_2O_3 (%)	Available Al_2O_3 (%)	Reactive SiO_2 (%)	Bauxite Rights BRL
Indicated	**BAJV**	7.0	43.5	33.0	3.1	30%
Inferred	**BAJV**	20.1	40.4	29.6	4.2	30%
Inferred	**Shandong**	6.4	41.8	29.3	4.3	100%
Total Indicated & Inferred		**33.4**	**41.1**	**30.2**	**3.9**	

Note: Mineral Resources have been classified and reported in accordance with the JORC Code 2004

North Darling Range

40 Exploration Licences covering approx 5,762km^2, with 24 granted covering 4,042km^2.

Exploration continued reconnaissance mapping and rockchip sampling, exploration and resource definition drilling consisted of 6,940 holes for 27,914 metres.

This drilling consisted mainly of first-pass drilling (80 metres by 80 metres) on several areas from New Norcia through to Wundowie and across to the east of Toodyay.

The areas covered by this drilling are divided in this section on the basis of the Resource definition to date, which has defined the following global resource.

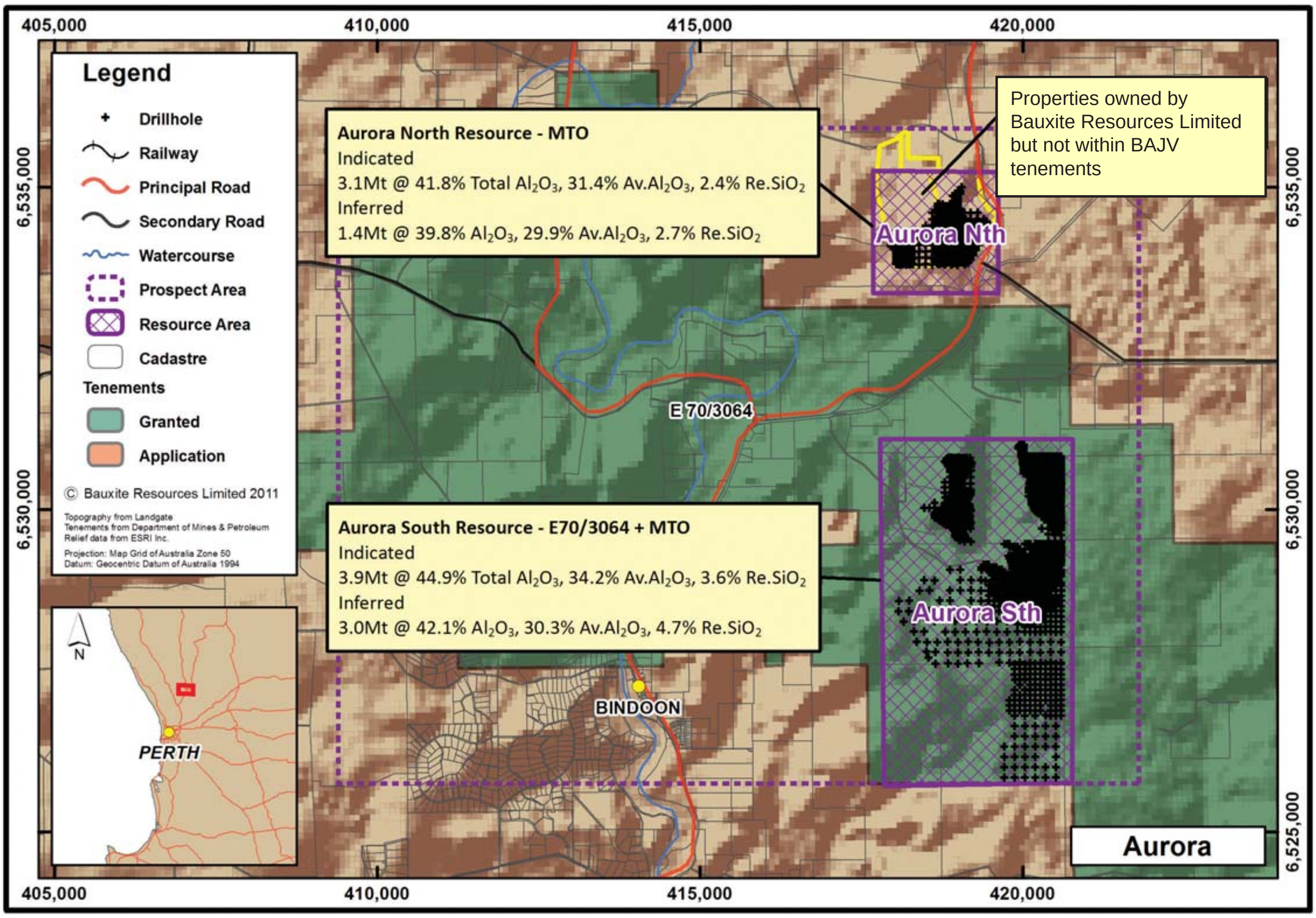
Projects and Prospects

Aurora Project

The Aurora area is located on tenement E70/3064, south east of Bindoon and was the site of the trial mining exercise. Drilling was mainly completed in the previous year, with infill drilling to a 40 metre grid in 2010/11. The resource for Aurora was announced via the ASX in May 2011, as shown in the table.

The resource is based on drilling conducted by the company over the past 2 years on tenement E70/3064 and Minerals to Owner (MTO) properties. Multiple stages of drilling have now been completed. This has enabled the majority of the resource to be classified as Indicated. The Company completed a trial mining operation within the resource area in 2009/10, which provides further confidence in the geological modelling.

Detailed test-work on diamond drill core from within the current resource area indicated a dry density of 1.6 through the main ore zone.



Aurora Project cont.

Exploration Environmental Studies

In August 2010, BRL referred the Bindoon Bauxite Mining Proposal to the Environmental Protection Authority (EPA) and the Commonwealth Department of Sustainability, Environment, Water, Population and Community (SEWPAC). The proposal is to mine up to 2 Mtpa of bauxite and other materials from farmland north of Bindoon for a five year period. The EPA set the level of assessment at a Public Environment Review (PER). SEWPAC assessed the Proposal as being a Controlled Action and appropriate to be managed under the bilateral agreement between themselves and the EPA. The PER level of assessment allows the local community and interested stakeholders to participate in the assessment process.

BAJV is currently finalising the Environmental Scoping Document (ESD); a document that sets out the scope and direction for the preparation of the PER.

BAJV have commissioned 12 technical studies to provide the required content for the PER. These studies are: Flora and Vegetation, Fauna, Water (surface, ground and source), Dieback, Acid Sulfate Soils, Noise, Dust, Traffic, Indigenous Heritage, Visual Amenity, Greenhouse Gases, Social and Economic

BAJV have commenced the seasonal dependant studies. These study methods have been approved by the relevant government departments. The remaining study methods will be approved on submission of the ESD.

As a result of the Joint Venture formation, relevant Departments have been informed that the new proponent for the proposal is now BAJV.

In May 2010, the Bindoon Community Consultative Committee (BCCC) was formed as an initiative suggested by the local community. Members of the committee represent local business, environment and local organisations. BCCC creates an opportunity for open two way communications between BRL and representatives in the Bindoon community.

In addition to monthly participation in the BCCC, BAJV conducted a series of extensive community consultation sessions in February 2011. BAJV continues to keep the community informed through local and web based media. Feedback from the community is used to inform the design and management of the proposal.

Community Partnerships

BAJV have supported several local organisations including the Bindoon Playgroup, Bindoon Agricultural Show, Bindoon Bowls Club, South Midlands Pony Club One Day Event and State Equestrian Championships. Early developments in school science based programs are occurring and the Company has supported a number of south west agricultural shows. Once BAJV have commenced mining operations, we expect that the financial opportunities for partnerships will increase with local organisations, school programs, sports facilities/groups, community services and volunteer groups.

BRL have supported the critically endangered woylie since May 2008. BRL founded the Woylie Rescue program with the support of Perth Zoo. Funding from BRL enables Perth Zoo to facilitate disease investigation management in conjunction with the Department of Environment and Conservation's (DEC) Woylie Recovery Team.

JORC Classification	JV	Dry tonnes ('000,000)	Al_2O_3 (%)	Available Al_2O_3 (%)	Reactive SiO_2 (%)	BRL Bauxite Rights
Indicated	**BAJV**	7.0	43.5	33	3.1	30%
Inferred	**BAJV**	4.4	41.3	30.2	4.0	30%
Total		11.4	42.7	31.9	3.4	30%

Details of the Aurora Mineral Resource (April 2011)

Note: 24% Available Al_2O_3 cut off grade and dry density of 1.6 used

Projects and Prospects - cont.

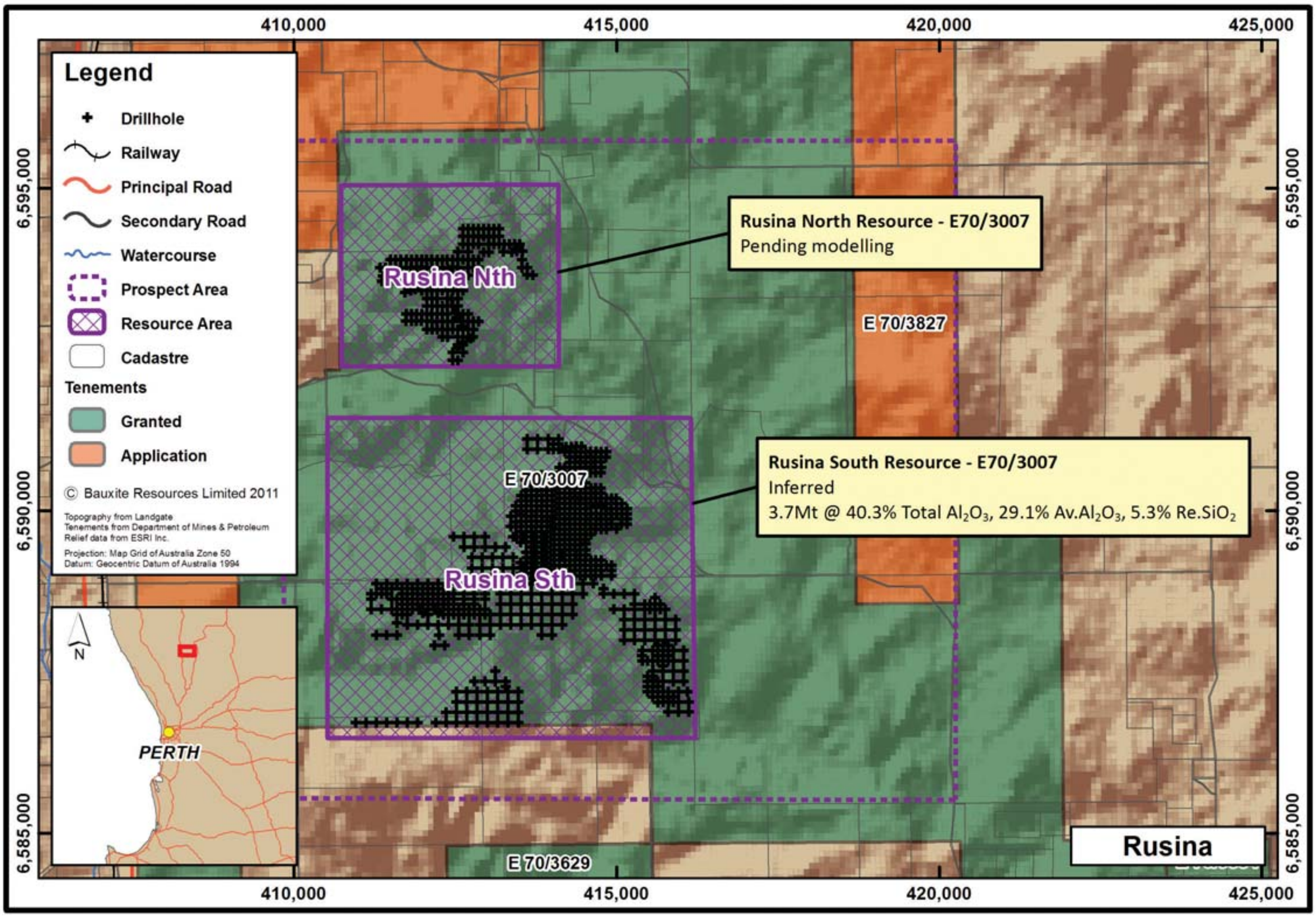
Rusina Project

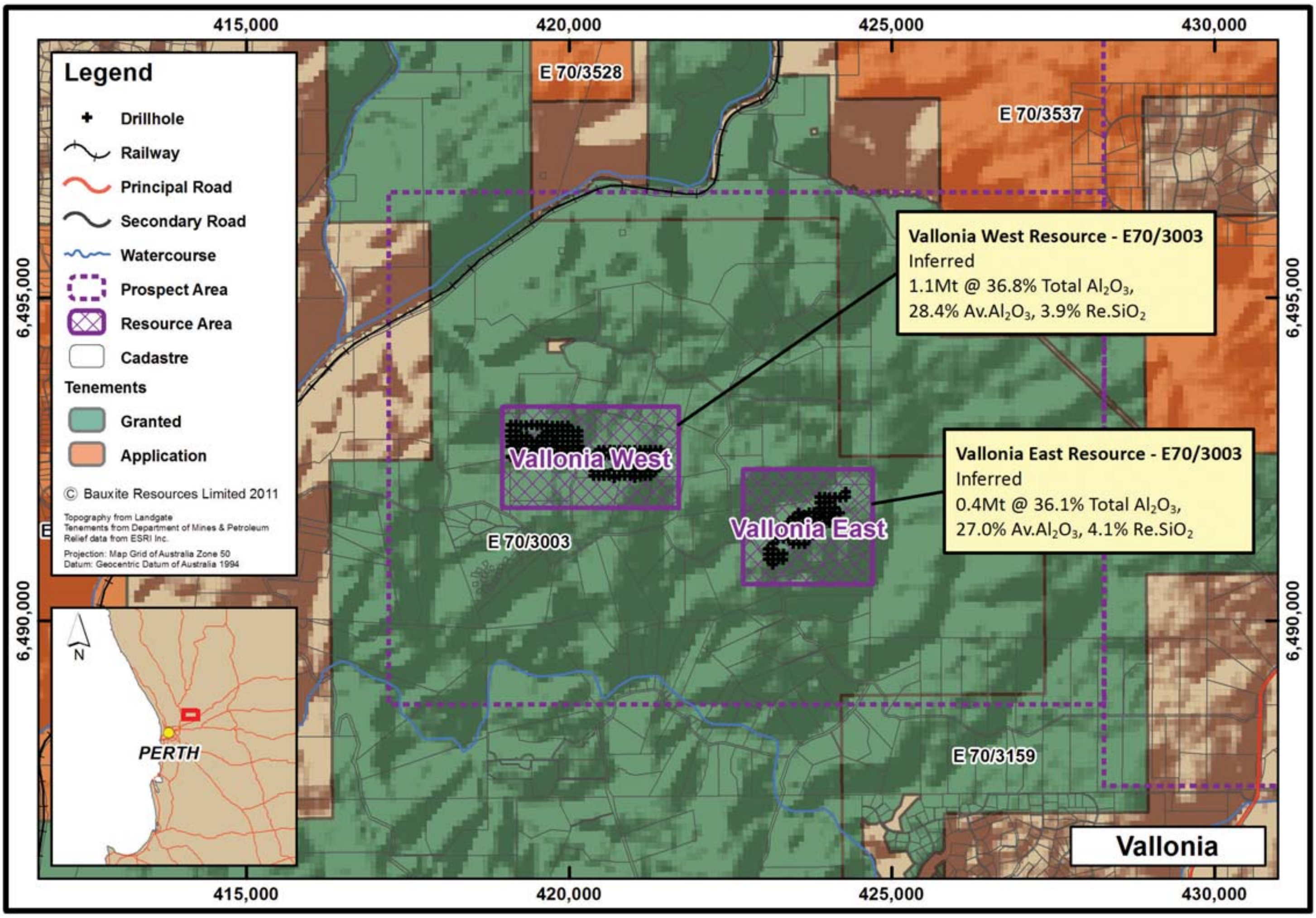
The Rusina resource is located in the New Norcia region of Western Australia. The resource is based on over 2,700m of exploration drilling conducted within tenement E70/3007. Drilling was conducted in two stages across the prospect, of which only the first has been modelled. Modelling of the second stage of completed drilling (1,565m) will serve to not only provide better definition of the current resource area, but has the potential to expand the lateral extents of the mineralised zone.

JORC Classification	JV	Dry tonnes ('000,000)	Al_2O_3 (%)	Available Al_2O_3 (%)	Reactive SiO_2 (%)	BRL Bauxite Rights
Inferred	BAJV	3.7	40.3	29.1	5.3	30%

Details of the Rusina Mineral Resource (April 2011)

Note: 24% Available Al_2O_3 cut off grade and dry density of 1.6 used





Vallonia Project

The Vallonia resource is located in the Gidgegannup region of Western Australia. This resource update is based on drilling undertaken within the past 12 months on tenement E70/3003.

JORC Classification	JV	Dry tonnes ('000,000)	Al_2O_3 (%)	Available Al_2O_3 (%)	Reactive SiO_2 (%)	BRL Bauxite Rights
Inferred	BAJV	1.5	36.6	28	3.9	30%

Details of the Vallonia Mineral Resource (June 2011)

Note: 24% Available Al_2O_3 cut off grade and dry density of 1.6 used

Projects and Prospects - cont.

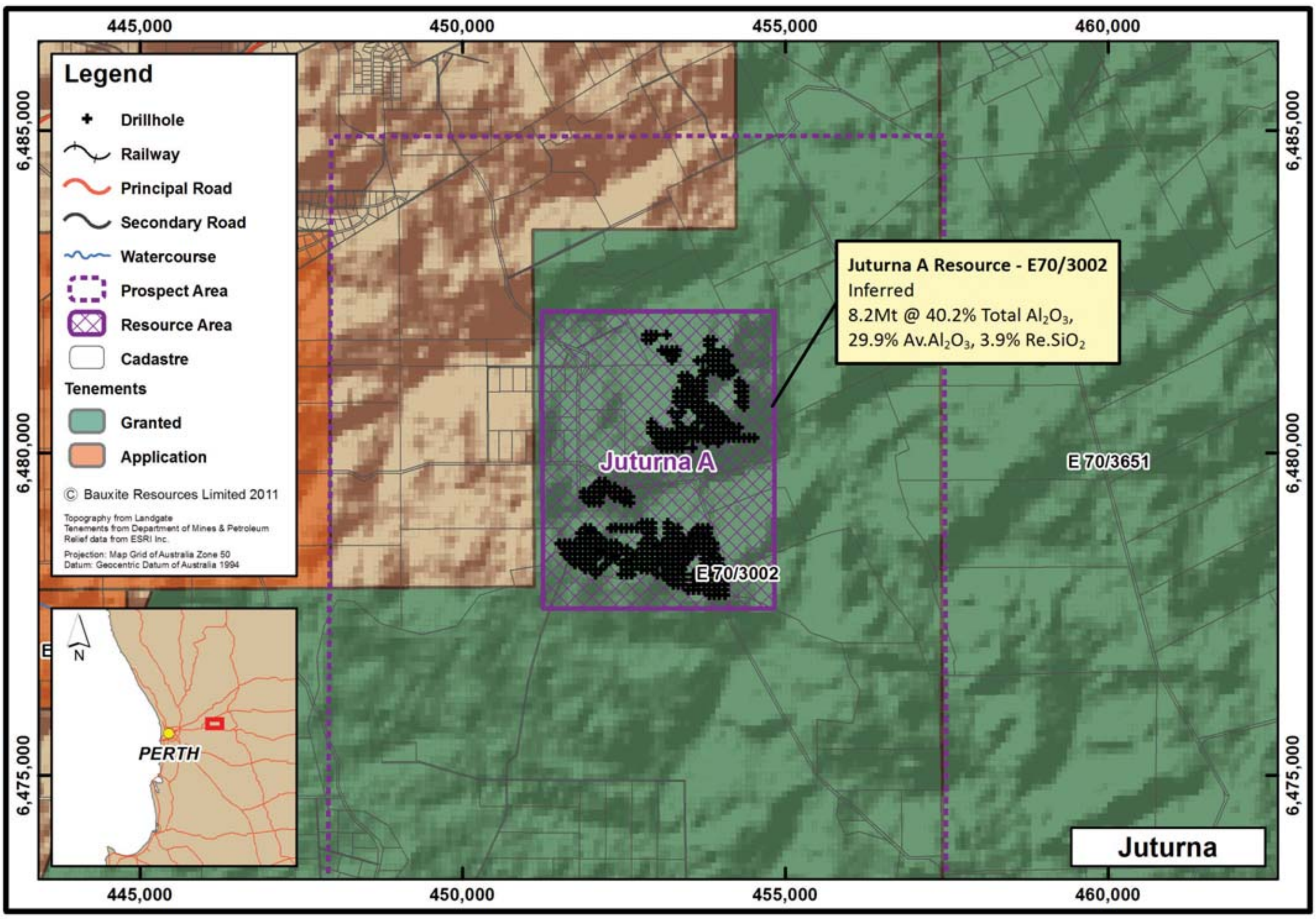
Juturna Project

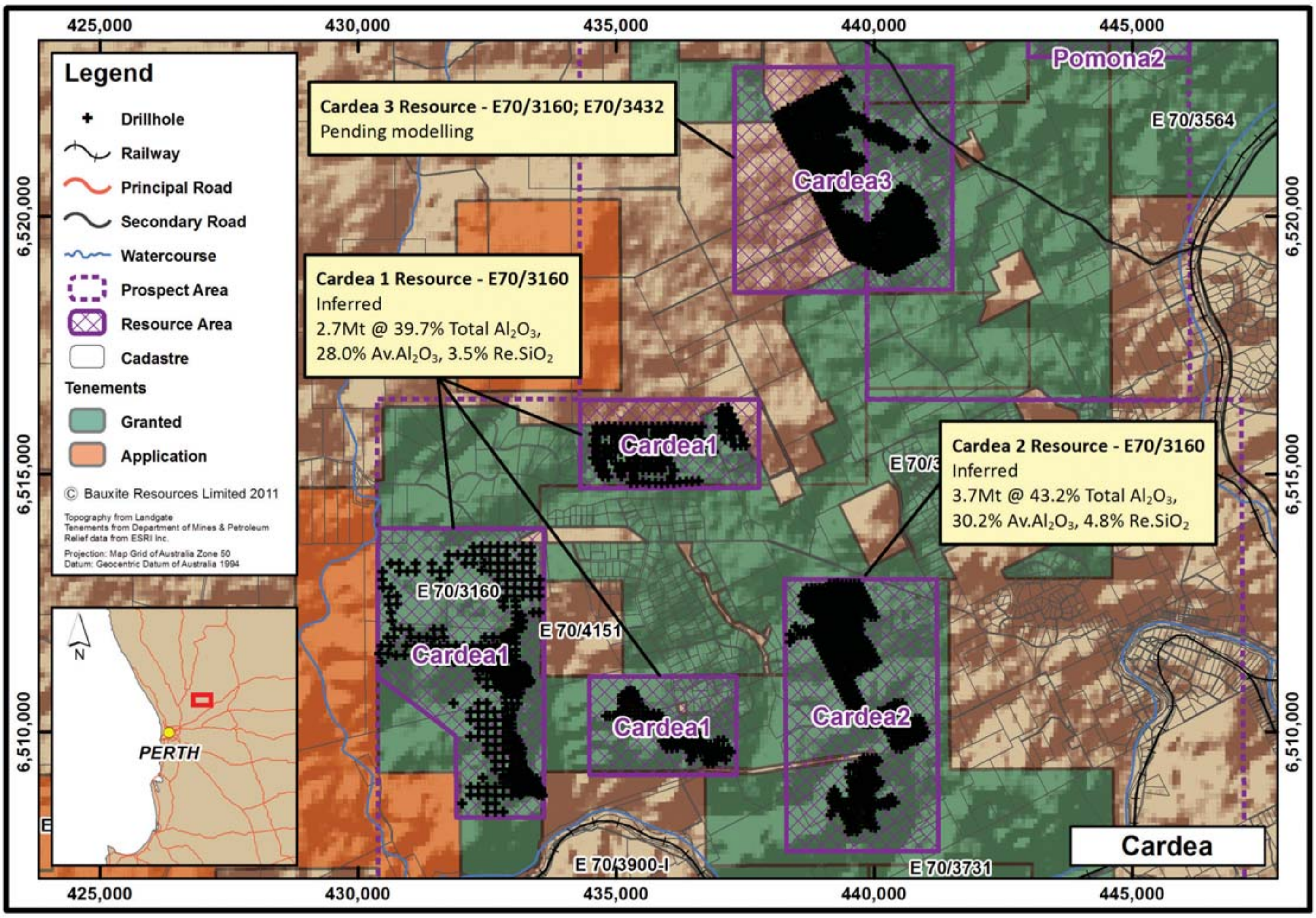
The Juturna resource is located in the Bakers Hill region of Western Australia. The resource is based on first pass drilling conducted by the company on tenement E70/3002. The majority of the Juturna resource has been defined with drilling at 80 metres x 80 metres spacing. The next step in advancing the classification of this resource will be the design and implementation of a second phase drilling program to reduce the spacing down to 40 metres x 40 metres within the mineralised zones. Several bulk samples will also be taken across the resource to assist in verification of drilling results, validity of geological domains and better definition of the geo-metallurgical characteristics of the ore body.

JORC Classification	JV	Dry tonnes ('000,000)	Al_2O_3 (%)	Available Al_2O_3 (%)	Reactive SiO_2 (%)	BRL Bauxite Rights
Inferred	BAJV	8.2	40.2	29.9	3.9	30%

Details of the Juturna Mineral Resource (June 2011)

Note: 24 percent Available Al_2O_3 cut off grade and dry density of 1.6 used





Cardea Project

The Cardea resource is located in an area west of Toodyay in the Darling Range region of Western Australia. The resource is based on first pass drilling conducted by the company on tenement E70/3160. E70/3160 is part of the HD Mining (Shandong) JV whereby HD Mining can earn 60 percent interest in the bauxite rights.

JORC Classification	JV	Dry tonnes ('000,000)	Al_2O_3 (%)	Available Al_2O_3 (%)	Reactive SiO_2 (%)	BRL Bauxite Rights
Inferred	Shandong	6.4	41.8	29.3	4.3	100%

Details of the Cardea Mineral Resource (August 2011)

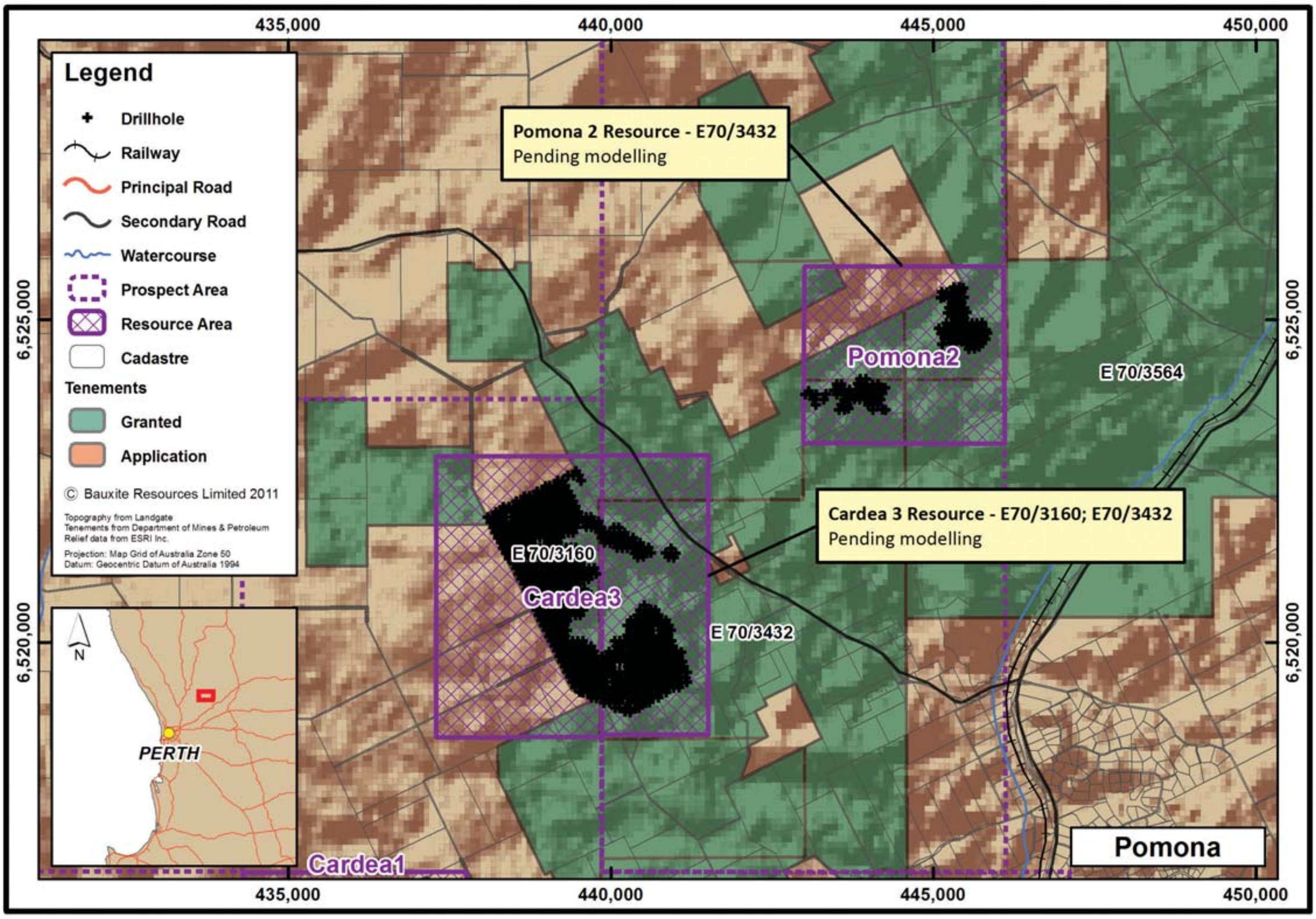
Note: 24 percent Available Al_20_3 cut off grade and dry density of 1.6 used.

Note 2: Tenement E70/3160 is part of Bauxite Resources Agreement with HD Mining whereby HD Mining can earn a 60 percent interest.

Projects and Prospects - cont.

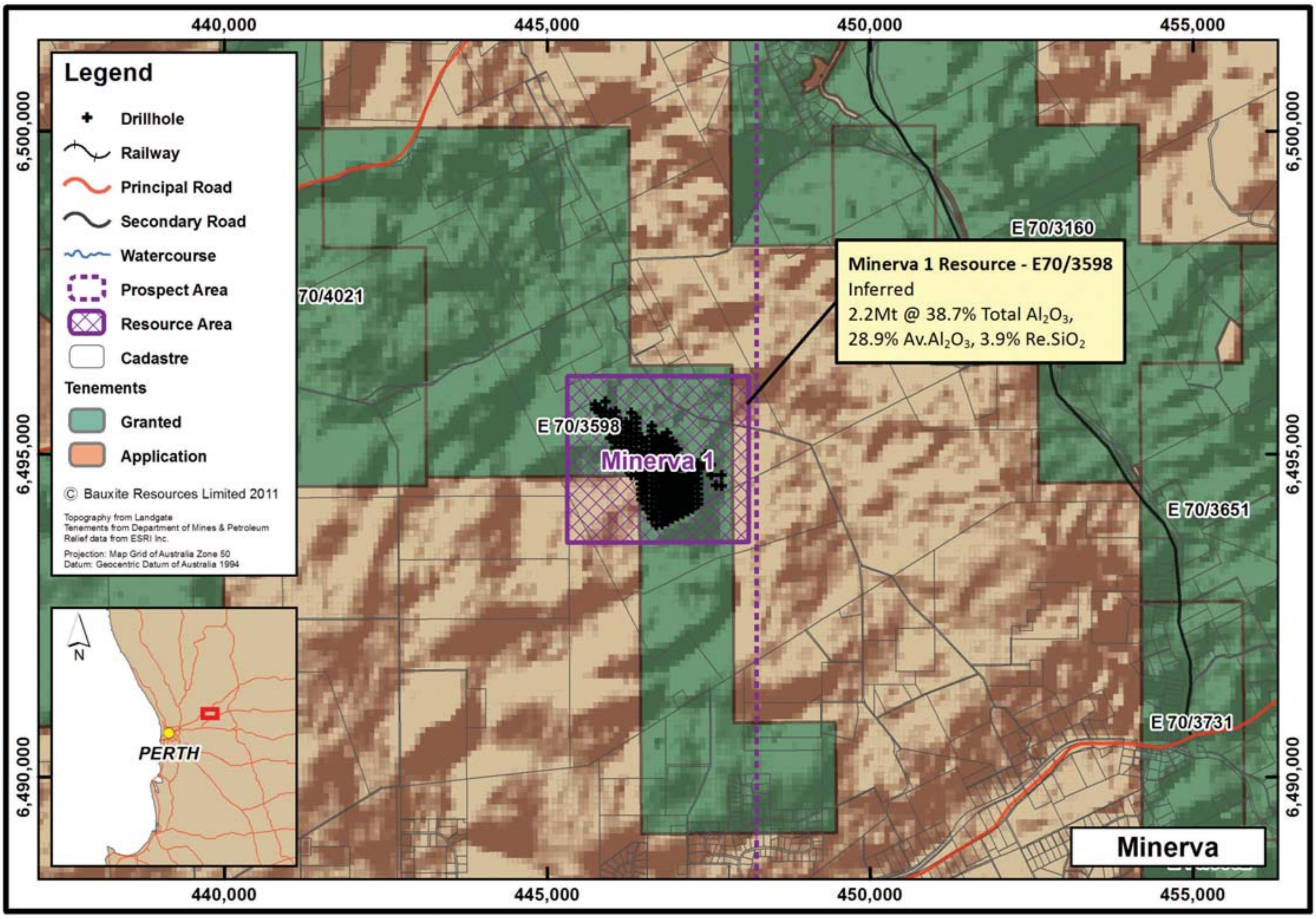
Pomona and Cardea 3 Prospects

The Pomona prospect (BAJV) is adjacent to and referred to as part of the Cardea 3 Project (Shandong JV). Initial drilling has ocurred on the Pomona prospect. This consists of 414 holes (2,442 metres) on E70/3432 for a total to date of 551 holes for 2,980 metres. The drilling programs intersected thicknesses of laterite in excess of eight metres in several holes. Initial XRF results have been returned and approximately 40 percent of all assays have been completed. Bauxite Resources is currently awaiting the remaining available alumina and reactive silica results from Bomb analyses, with Modelling scheduled to commence in the final quarter of 2011.



The Resources announced will be further reviewed and investigated for improvements afforded by varying cut off grades and potential beneficiation methods.

Further defined project areas are:



Minerva Project

The Minerva resource is located in a region south west of Toodyay in Western Australia. This resource is based on drilling undertaken by Bauxite Resources within the past 12 months on tenement E70/3598.

JORC Classification	JV	Dry tonnes ('000,000)	Al_2O_3 (%)	Available Al_2O_3 (%)	Reactive SiO_2 (%)	BRL Bauxite Rights
Inferred	BAJV	2.2	38.7	28.9	3.9	30%

Details of the Minerva Mineral Resource (August 2011)

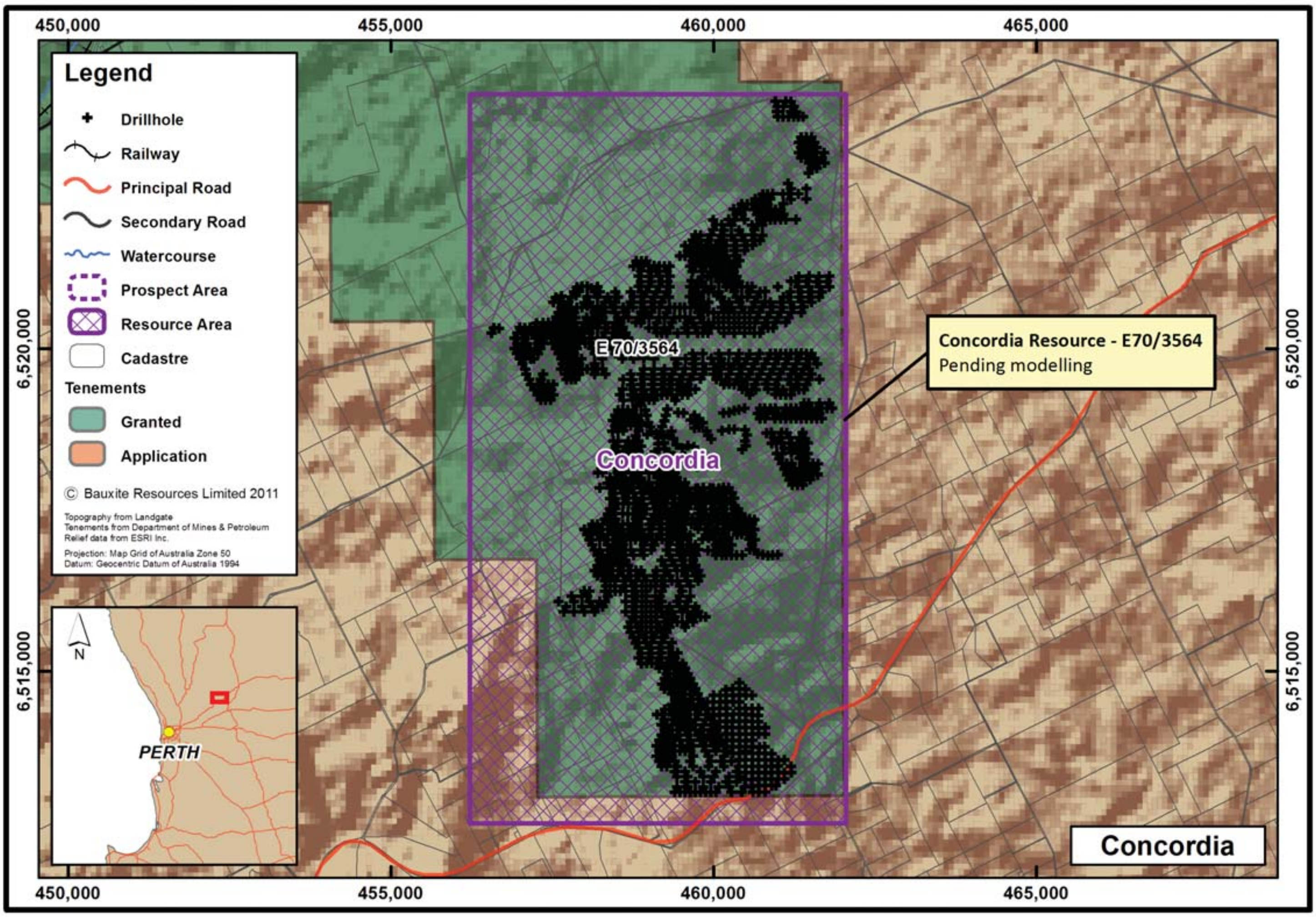
Note: 24 percent Available Al_2O_3 cut off grade and dry density of 1.6 used

Projects and Prospects - cont.

Concordia Prospect

A large drill program across the Concordia prospect was undertaken in early 2011. 1,927 holes were completed for 5,310 metres, and although bauxitic intersections tended to be relatively shallow, the extent of lateritisation is very broad. Around half of the assay results have been received with the remainder expected over the coming months along with Bomb analysis results for available alumina and reactive silica. Resource modelling of the Concordia prospect is anticipated to happen late in calendar year 2011.

BRL has also entered into an agreement with Mercator Metals Pty Ltd over tenement E70/2230 which gives BRL rights to bauxite within this tenement. The tenement is located in the North Darling Range around the Wundowie area.



South Darling Range

58 Exploration Licences covering approximately 14,045km^2, with 20 tenements granted covering 6,701km^2.

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 aim of the project is to prove that sufficient refinery grade bauxite mineralisation is available for the BRL refinery project in the South West.

Drilling over the last 12 months was 807 holes for 2,069 metres, on tenements E70/3565 and E70/3643.

Although many prospective lateritic areas exist in the region, as defined by the Geological Survey of WA, exploration to date has been limited. Although 19 tenements have now been granted, 16 of these were granted within the last six months. A land access strategy was developed, has been implemented and continues to facilitate access to prospective land, and allowing for the normal Land Access process, Program of Works submissions and environmental surveys, exploration activities will ramp up considerably in the later part of 2011 and continue to accelerate in 2012.

Reconnaissance field trips continue to be undertaken to evaluate the private property target areas and all processes to access Crown Land are well advanced. 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.

It is planned to focus exploration activities within the southern region to allow resource estimation coverage of both north and south to indicate the potential of both regions as prospective refinery quality.

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

East Darling Range

14 Exploration Licences covering approximately 3,760 km^2, with 6 Exploration Licences granted covering 2,370 km^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.

Exploration within the last 12 months has been on E70/3179 which is in the HD Mining (Shandong) JV and has seen 1,949 holes for 5,420 metres completed. Block modelling and a resource estimate for this area is expected late 2011. Granting of the additional tenements has occurred over the recent months and exploration activities will commence in earnest following Land Access Agreements.

Other Minerals – Darling Range (BRL 100%)

BRL has retained the rights to all other minerals and is currently investigating the prospectivity for other minerals and what other business opportunities exist. An independent review is underway and will focus on these in detail and recommend strategies and methods for exploration. A report is expected for completion in relation to these tenements in late 2011.

Projects and Prospects - cont.

Kimberley Tenements (BRL100%)

13 Exploration Licences covering approximately 5,100 km^2 with five tenements granted covering 1,346 km^2.

Over the last 12 months BRL through its subsidiary Braeburn Resources Pty Ltd submitted applications for a further seven tenements. Of the original tenements five were granted in October 2010. BRL has acquired currently available airborne geophysical data covering the tenement areas and commissioned an airborne geophysical survey which was flown recently to cover a major hole in this data. Processing and delivery of the data will occur in September 2011.

The company had planned initial reconnaissance activities over the granted tenements, but these have been delayed.

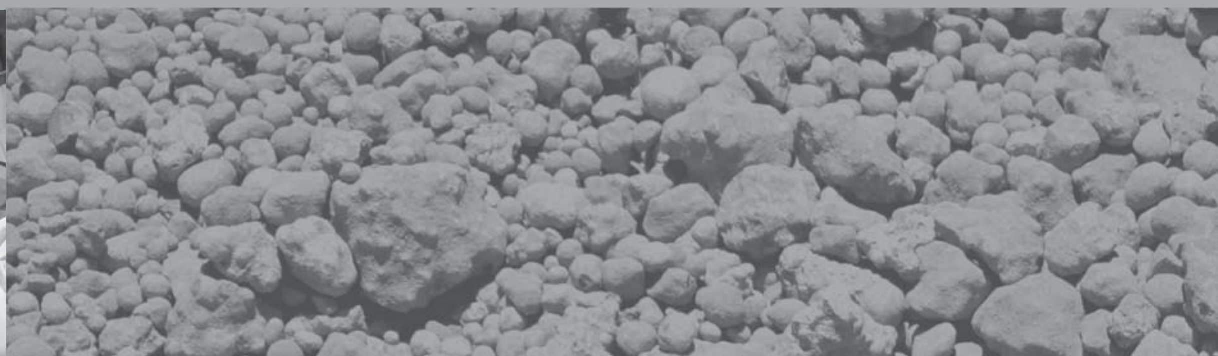
Northern Territory Tenements (BRL100%)

Two Exploration Licences covering approximately 390 km^2.

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. As these tenements are located within Arnhem Land, negotiations with Traditional Owners, via the Northern Land Council (NLC), are being organised. An "on country" meeting scheduled for July 2011 was deferred at the last minute due to Aboriginal funeral considerations and a new date is to be set by the NLC.

FINANCIAL STATEMENTS

for the year ended 30 June 2011



Corporate Information

ABN 72 119 699 982

Directors

Barry Carbon (Non Executive Chairman)
Scott Donaldson (Executive Director) Appointed 31 January 2011
Luke Atkins (Non Executive Director)
Ding Feng (Non Executive Director) Appointed 24 August 2010
Yan Jitai (Non Executive Director)
Neil Lithgow (Non Executive Director)
Robert Nash (Non Executive Director)
John Sibly (Non Executive Director) Appointed 22 December 2010

Alternate Directors

Kevin Judge
Chenghai Yang
Zhan Qingwei

Company Secretary and Chief Financial Officer

Paul Fromson

Registered Office

Level 2 Building E, The Garden Office Park
355 Scarborough Beach Road
OSBORNE PARK WA 6017
Telephone: +61 8 9200 6300
Facsimile: +61 8 9200 6399

Solicitors

Steinepreis Paganin
Level 4, The Reid Buildings
16 Milligan Street
PERTH WA 6000

Bankers

Westpac Banking Corporation
17 / 109 St Georges Terrace
PERTH WA 6000

Share Register

Security Transfer Registrars Pty Ltd
770 Canning Highway
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.

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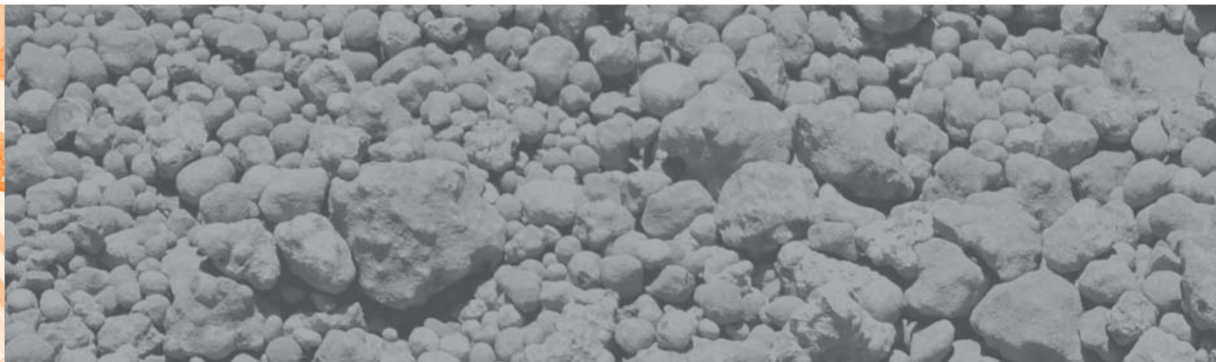

Directors' Report 2011

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 2011.

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)

Mr Carbon is a member of the Order of Australia, fellow of the Academy of Technological Sciences and Engineering, fellow of the Environmental Institute of Australia & New Zealand, 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 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.

Scott Donaldson, MAusIMM, MAID (Chief Executive Officer & Executive Director, appointed 31 January 2011)

Mr Donaldson is a qualified mining engineer with a graduate diploma in business. He brings more than 20 years experience in the mining industry in Australia and New Zealand with a variety of minerals including gold, nickel, copper, zinc and lead sulphides, copper oxides, coal and chromite. Some of his achievements include:

- Playing a key role in the successful transformation of 3 companies from explorers into producing mining companies;
- Successful management and development from pre-feasibility to construction, commissioning and production of five mines over the last 12 years; including
- Developing, commissioning & managing the Jaguar copper/zinc/silver project in WA with Jabiru Metals;
- Designing, developing and managing stage one of Western Metals' Pillara Lead-Zinc Mine in the Kimberley;
- Developing, commissioning & managing Tectonic Resources' Rav8 Nickel mine at Ravensthorpe, WA;
- Commissioning & managing the Coobina chromite mine in the Pilbara with Consolidated Minerals.

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.

John Sibly (Non Executive Director, appointed 22 December 2010)

Perth-based Mr Sibly is a highly experienced and well credentialed executive, with more than 35 years of operational and executive experience within the bauxite and alumina refinery sectors, including more than 15 years as a senior executive with Alcoa. In 2006 Mr Sibly retired from his role of President Global Manufacturing Alcoa World Alumina and Chemicals, based in New York. In this position he was responsible for nine refineries and five operating mines around the world. He was also accountable for engineering, construction, and research and development of Alcoa's mining and refineries.

In his career with Alcoa Mr Sibly held various senior positions, including leading the process design team and being inaugural works manager at the Sao Luis Alumina refinery in Brazil, and works manager at the Kwinana and Pinjarra refineries in Western Australia.

In 2000 Mr Sibly received the Irving W Wilson award for 'outstanding leadership and management of technology throughout Alcoa'. Mr Sibly has previously been a president of the Australian Minerals Industry Research Association, director of the centre for minesite rehabilitation research, and member of many other councils and advisory bodies. He is currently managing director of Brolga Consulting Pty Ltd, and non-executive director of Exergen Pty Ltd and LVNG Pty Ltd.

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)

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 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, resigned 5 January 2011)

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

Directors' Report cont.

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	-	-
Scott Donaldson	608,600	3,000,000
Ding Feng	-	-
Yan Jitai	-	-
Neil Lithgow	19,366,666	3,000,000
Robert Nash	254,900	750,000
John Sibly	40,500	2,000,000

COMPANY SECRETARY

Paul Fromson, BCom, CPA, DipCM, ACIS

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 a formal farm-in joint venture agreement with the Shandong Bureau of Mineralogy and Geology to further exploit its tenements and to explore and exploit for bauxite.

The Company signed formal joint venture agreements with Yankuang Group Corporation ("Yankuang") on 25 January 2011 for exploration of bauxite on its tenements and to conduct a bankable feasibility study into an alumina refinery in the south-west of Western Australia.

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 $53,126,585. The Group has recorded an operating loss after income tax for the year ended 30 June 2011 of $3,533,391 (2010: $17,715,689 loss).

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

Recipient	Date options issued	Expiry date	Exercise price (cents)	Number of options
Staff	21 October 2010	30 June 2012	30	3,400,000
Executive Director	23 February 2011	31 January 2016	40	3,000,000
Non-executive Director	23 February 2011	22 February 2016	40	2,000,000

Operating results for the year

Summarised operating results are as follows:

	2011	
	Revenues $	Results $
Consolidated entity revenues and loss from ordinary activities before income tax expense	14,114,548	(3,533,391)

Shareholder returns

	2011	2010
Basic earnings per share (cents)	(1.51)	(8.78)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

The Company's share price has weakened considerably over the last year. There has been no significant recovery of price for bauxite in Australian dollars since the global financial crisis. There will not be direct shipping of bauxite until the price recovers; in the meantime, the Company is preparing by way of exploration and seeking approvals. The Joint Ventures, which supply funding for exploration and for feasibility studies for a refinery, seem not to be accounted for in the share price.

Overall the Company's cash position is only slightly down from last year after re-imbursements of $9million as part of the Yankuang joint venture agreements.

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.

Directors' Report cont.

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

• Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.

• Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There has not been any other event that has arisen since 30 June 2011 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 joint venture agreements with Yankuang, on 25 January 2011, covering capital, exploration costs and feasibility study costs. 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.

A Principles used to determine the nature and amount of remuneration

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 responsibilities 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 $600,000). 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. Alternative directors have not received remuneration by way of fees or share based payments from the Company for the year ended 30 June 2011.

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.

	2011 $	2010 $
Revenue	14,114,548	5,070,037
Net profit/(loss)	(3,533,391)	(17,715,689)
Earnings per share (cents)	(1.51)	(8.78)

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 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.

Directors' Report cont.

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	Super-annuation	Retirement benefits	Options	Termination Benefits	
		$	$	$	$	$	$	$
Directors								
Luke Atkins								
	2011	49,999	-	4,500	-	-	-	54,499
	2010	295,800	-	-	-	-	-	295,800
Barry Carbon								
	2011	502,020	-	38,945	-	-	-	540,965
	2010	174,765	-	3,440	-	-	-	178,205
Scott Donaldson (appointed 31 January 2011)								
	2011	197,641	-	17,788	-	176,666	-	392,095
	2010	-	-	-	-	-	-	-
Ding Feng (appointed 24 August 2010)								
	2011	43,333	-	-	-	-	-	43,333
	2010	-	-	-	-	-	-	-
Yan Jitai (appointed 25 February 2010)								
	2011	50,000	-	-	-	-	-	50,000
	2010	16,667	-	-	-	-	-	16,667
Neil Lithgow								
	2011	49,999	-	4,500	-	-	-	54,499
	2010	39,999	-	3,600	-	-	-	43,599
David McSweeney (resigned 5 January 2011)								
	2011	20,806	-	1,873	-	-	-	22,679
	2010	39,999	-	3,600	-	155,867	-	199,466
Robert Nash								
	2011	190,000	-	44,499	-	-	-	234,499
	2010	189,999	-	3,600	-	-	-	193,599
John Sibly (appointed 22 December 2010)								
	2011	44,870	-	4,038	-	469,220	-	518,128
	2010	-	-	-	-		-	-
Daniel Tenardi (resigned 31 May 2010)								
	2011	-	-	-	-	-	-	-
	2010	1,114,277	-	49,497	-		250,000	1,413,774
Meng Xiangsan (resigned 24 August 2010)								
	2011	5,009	-	-	-	-	-	5,009
	2010	36,667	-	-	-	-	-	36,667
Staff & Consultants								
Paul Fromson								
	2011	251,632	15,140	48,526	-	20,892	-	336,190
	2010	271,615	-	24,600	-	30,023	-	326,238

Total key management personnel compensation

2011	1,405,308	15,140	164,669	-	666,778	-	2,251,895
2010	2,179,787	-	88,337	-	185,890	250,000	2,704,014

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

· 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. The consulting agreement was suspended whilst Mr Carbon was acting CEO and the consultancy agreement ended on 31 July 2011.

D Share-based compensation

Options may be issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to certain directors (determined by the Board) and executives of Bauxite Resources Limited to increase goal congruence between executives, directors and shareholders. 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 2011	Date vesting or vested and exercisable	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Exercised Number	% of Remuneration
Directors									
Scott Donaldson	22/02/2011	3,000,000	-	One third each year on 31 January for the next 3 years	31/01/2016	40	23.5	Nil	25.6%
John Sibly	22/02/2011	2,000,000	2,000,000	18/02/2011	22/02/2016	40	23.5	Nil	90.6%
Staff & Consultants									
Paul Fromson	19/03/2009	200,000	200,000	19/03/2009	30/06/2012	30	2.9	100,000	10.7%
Paul Fromson	10/08/2009	700,000	230,000	Vested	30/06/2012	50	12.8	200,000	9.2%
Paul Fromson	24/10/2010	100,000	100,000	Vested	30/06/2012	30	2.5	Nil	0.7%

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.

Directors' Report cont.

E Additional information

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	12	13
Barry Carbon (appointed 16 November 2009)	12	13
Scott Donaldson (appointed 31 January 2011)	6	6
Ding Feng (appointed 24 August 2010)	2	12
Yan Jitai (appointed 25 February 2010)	3	13
Neil Lithgow	11	13
David McSweeney (resigned 5 January 2011)	3	6
Robert Nash	13	13
John Sibly (appointed 22 December 2010)	7	7
Meng Xiangsan (resigned on 24 August 2010)	0	1

Notes

A – Number of meetings attended.

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

SHARES UNDER OPTION

As at 30 June 2011 there were 18,195,000 options issued which remain outstanding.

	Number of options
Beginning of the financial year	21,183,332
Issued during the year:	
– Exercisable at 30 cents, on or before 30 June 2012	3,400,000
– Exercisable at 40 cents, on or before 31 January 2016	3,000,000
– Exercisable at 40 cents, on or before 22 February 2016	2,000,000
Exercised, cancelled or expired during the year:	
– Exercisable at 25 cents, on or before 15 May 2012	(2,000,000)
– Exercisable at 40 cents, on or before 15 May 2012	(4,000,000)
– Exercisable at 25 cents, on or before 30 June 2012	(300,000)
– Exercisable at 30 cents, on or before 30 June 2012	(2,330,000)
– Exercisable at 35 cents, on or before 30 June 2012	(350,000)
– Exercisable at 100 cents, on or before 30 June 2012	(1,075,000)
– Exercisable at 45 cents, on or before 30 November 2013	(666,666)
– Exercisable at 55 cents, on or before 30 November 2013	(666,666)
End of the financial year	18,195,000

Date options issued	Expiry date	Exercise price (cents)	Number of options
10 May 2007	31 May 2012	20	7,750,000
19 March 2009	30 June 2012	30	1,390,000
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	1,125,000
24 October 2010	30 June 2012	30	2,400,000
23 February 2011	31 January 2016	40	3,000,000
23 February 2011	22 February 2016	40	2,000,000
Total number of options outstanding at the date of this report			**18,195,000**

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 $53,541.

NON AUDIT SERVICES

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

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

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

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

	2011 $	2010 $
Due Diligence	-	13,645
Taxation services	16,557	24,826

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 14.

Signed in accordance with a resolution of the directors.

Barry Carbon AM
Chairman
Perth, 27 September 2011

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011, there have been:

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

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

NEIL PACE
PARTNER

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 27th day of September 2011.

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 long term 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 cont.

	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 was acting as CEO until 31 January 2011 when the new CEO commenced with the Company. The Chairman ceased all additional duties on 31 January 2011 and is a non-executive Chairman
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.
Principle 3:	**Promote ethical and responsible decision making**		
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.

A = Adopted

N/A = Not adopted

	ASX Principle	Status	Reference/comment
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 non executive 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	
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	

Corporate governance statement cont.

	ASX Principle	Status	Reference/comment
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

Statement of financial performance

YEAR ENDED 30 JUNE 2011

	Notes	Consolidated Group	
		2011	2010
		$	$
Sales revenue	4	**-**	2,754,787
Recoupment of exploration costs	4	**10,721,213**	-
Other income	4	**539,576**	146,134
Interest income	4	**2,853,759**	2,169,116
Cost of sales		**(529,182)**	(8,032,047)
Employee benefits expense		**(2,236,113)**	(3,398,081)
Exploration written off		**(5,876,147)**	(4,267,342)
Bankable feasibility and other studies		**(2,179,788)**	(2,543,636)
Administration expenses		**(2,970,100)**	(2,507,746)
Depreciation and amortisation expense		**(1,316,777)**	(621,461)
Impairment of property, plant & equipment		**(1,768,495)**	-
Impairment of mining property improvements		**-**	(437,392)
Gain/(loss) on disposal of fixed assets		**84,805**	(53,188)
Share-based payments expense	25	**(856,142)**	(924,834)
Profit / (loss) before income tax	5	**(3,533,391)**	(17,715,689)
Income tax expense	6	**-**	-
Profit / (loss) for the period		**(3,533,391)**	(17,715,689)
Profit / (loss) attributable to:			
Members of the parent entity		**(3,533,391)**	(17,715,689)
Non-controlling interests		**-**	-
		(3,533,391)	(17,715,689)
Other comprehensive income			
Other comprehensive income for the period, net of tax		**-**	-
Total comprehensive income for the period		**(3,533,391)**	(17,715,689)
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)		**(1.51)**	(8.8)
From continuing operations:			
Basic earnings per share (cents)		**(1.51)**	(8.8)

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

Statement of financial position

YEAR ENDED 30 JUNE 2011

	Notes	Consolidated Group	
		2011	2010
CURRENT ASSETS			
Cash and cash equivalents	7,25	**53,126,585**	54,403,925
Trade and other receivables	8	**2,929,977**	728,891
TOTAL CURRENT ASSETS		**56,056,562**	55,132,816
NON CURRENT ASSETS			
Other financial assets	9	**665,470**	494,192
Property, plant and equipment	10	**8,965,646**	11,935,188
Intangible assets	11	**1,365**	2,731
TOTAL NON CURRENT ASSETS		**9,632,481**	12,432,111
TOTAL ASSETS		**65,689,043**	67,564,927
CURRENT LIABILITIES			
Trade and other payables	12a	**1,881,562**	1,283,253
Provisions	12b	**98,378**	145,322
TOTAL CURRENT LIABILITIES		**1,979,940**	1,428,575
TOTAL LIABILITIES		**1,979,940**	1,428,575
NET ASSETS		**63,709,103**	66,136,352
EQUITY			
Contributed equity	13	**88,111,698**	87,861,698
Reserves	14(a)	**2,757,392**	1,901,250
Retained earnings / (accumulated losses)	14(b)	**(27,159,987)**	(23,626,596)
TOTAL EQUITY		**63,709,103**	66,136,352

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

Statement of changes in equity

YEAR ENDED 30 JUNE 2011

Consolidated Group	Notes	Issued Ordinary Capital	Option Reserve	Retained Earnings	Total
		$	$	$	$
Balance at 1 July 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
Total comprehensive income for the period		-	-	(3,533,391)	(3,533,391)
Shares issued during the period		250,000	-	-	250,000
Transaction costs associated with share issue		-	-	-	-
Employee share options issued during the period		-	856,142	-	856,142
Balance at 30 June 2011		**88,111,698**	**2,757,392**	**(27,159,987)**	**63,709,103**

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

Cash flow statement

YEAR ENDED 30 JUNE 2011

	Notes	Consolidated Group	
		2011	**2010**
		$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**9,544,138**	2,754,787
Payments to suppliers and employees		**(8,810,663)**	(16,508,465)
Payments for exploration expenditure		**(4,879,415)**	(3,995,538)
Interest received		**3,065,192**	1,931,432
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	25	**(1,080,748)**	(15,817,784)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment of security deposit		**(171,278)**	(383,682)
Receipts from sales of property, plant & equipment		**1,099,800**	-
Payments for property, plant and equipment		**(1,375,114)**	(10,238,768)
Expenditure on mining improvements		**-**	(437,392)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		**(446,592)**	(11,059,842)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		**250,000**	67,767,084
Payment of share issue costs		**-**	(2,988,441)
NET CASH INFLOW FROM FINANCING ACTIVITIES		**250,000**	64,778,643
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(1,277,340)**	37,901,018
Cash and cash equivalents at the beginning of the financial year		**54,403,925**	16,502,907
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	**53,126,585**	54,403,925

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

Notes to the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Bauxite Resources Limited and controlled entities ('Consolidated Group' or 'Group').

(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 2011, the results of all subsidiaries and joint ventures for the year then ended. Bauxite Resources Limited, its subsidiaries and joint ventures 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 de-consolidated 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.

(b) Interests in joint ventures

The Group's shares of the assets, liabilities, revenue and expenses of jointly controlled operations have been included in the appropriate line items of the consolidated financial statements. Details of the Group's interests are provided in Note 17.

Where the Group contributes assets to the joint venture or if the Group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Group's share of the joint venture shall be recognised. The

Notes to the financial statements cont.

Group recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(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 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 short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

(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.

(ii) Loans and receivables

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

Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables or in an otherwise timely manner. The amount of the impairment allowance is the difference between the asset's carrying amount and the estimated future cash flows. None of the Group's loans and receivables has an applicable interest rate hence the cash flows are not discounted.

The amount of the impairment loss is recognised in the income statement within impairment expenses. When a loan or receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and de-recognition

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

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

Subsequent measurement

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

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

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

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

Impairment

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

(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.

Notes to the financial statements cont.

(ii) Diluted earnings per share

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

(q) Goods and Services Tax (GST)

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

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

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

(r) 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 and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

– AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

  This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

  The key 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;
  - requiring financial assets to be reclassified 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; and
  - requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

– 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 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and

Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

– 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 IFRSs 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. The amendments are 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.

This Standard is not expected to impact the Group.

– AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

– AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

– AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

  This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

  This Standard is not expected to impact the Group.

– AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

  This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

  As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

– AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes.

  The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

  Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

  The amendments are not expected to impact the Group.

– AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).

  This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

  The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

  Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

  This Standard is not expected to impact the Group.

– AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2010–7] (applies to periods beginning on or after 1 January 2013).

  This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

  The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

[The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7.]

This Standard is not expected to impact the Group.

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

(s) Critical accounting estimates and judgements

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

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 27.

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.

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, the Group is not exposed to material foreign exchange risk.

(ii) Price risk

Given the current level of operations, the Group is not 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 $53,126,585 (2010: $54,403,925) 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 5.96% (2010: 5.02%).

Sensitivity analysis

At 30 June 2011, 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 $383,471 lower/higher (2010: $283,622 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

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

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. The Group has a significant concentration of credit risk with one external entity which currently makes up 74% of the receivables balance.

Notes to the financial statements cont.

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

(c) Liquidity risk

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

The financial liabilities of the Group and the parent entity are confined to trade and other payables as disclosed in the Balance Sheet. All trade and other payables are non-interest bearing and due within 12 months of the balance sheet date.

(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.

	2011 $	2010 $
3. PARENT ENTITY FINANCIAL INFORMATION		
Current assets	**54,287,201**	55,145,634
Non-current assets	**21,378,880**	19,463,183
Total assets	**75,666,081**	74,608,817
Current liabilities	**1,654,987**	1,427,725
Total Liabilities	**1,654,987**	1,427,725
Net assets	**74,011,094**	73,181,092
Shareholders' equity		
Contributed equity	**88,111,698**	87,861,698
Reserves	**2,757,392**	1,901,250
Accumulated profit/(loss)	**(16,857,996)**	(16,581,856)
Net equity	**74,011,094**	73,181,083
Profit for the year after tax	**(276,141)**	(11,173,200)
Total comprehensive income/(loss)	**(276,141)**	(11,173,200)

	Consolidated Group	
	2011	2010
	$	$
4. REVENUE		
From continuing operations		
Sales revenue	**-**	2,754,787
Recoupment of exploration costs	**10,721,213**	-
Other revenue	**539,577**	146,134
Interest	**2,853,759**	2,169,116
	14,114,549	5,070,037
5. PROFIT FOR THE YEAR		
a. Expenses		
Cost of sales	**529,181**	8,032,047
Impairment of mining property improvements	**-**	437,392
Impairment of property, plant & equipment	**1,768,495**	-
Rental expense on operating leases		
— minimum lease payments	**418,004**	418,004
Exploration expenditure	**5,876,146**	4,267,342
6. INCOME TAX		
(a) The components of income tax expense comprise:		
Current income tax	**-**	-
Deferred tax	**-**	-
Adjustments for current tax of prior years	**-**	-
	-	-

Notes to the financial statements cont.

	Notes	Consolidated Group 2011 $	Consolidated Group 2010 $
6. INCOME TAX (continued)			
(b) Numerical reconciliation of income tax expense to prima facie tax payable			
Loss from continuing operations before income tax expense		**(3,533,391)**	(17,715,686)
Prima facie tax benefit at the Australian tax rate of 30% (2010: 30%)		**(1,060,017)**	(5,314,706)
Add tax effect of:			
Non allowable items		**12,791**	22,681
Share-based payments		**256,843**	276,775
Deferred tax balances not recognised		**321,865**	-
Current year losses not recognised		**600,634**	5,521,091
		132,116	505,841
Less:			
Tax effect of:			
Other allowable items		**48,761**	421,731
Deferred tax balances not recognised		**-**	26,386
Non-assessable items		**83,355**	57,724
Income tax expense/(benefit) reported in the statement of comprehensive income		**-**	-
(c) Deferred tax recognised at 30 June relates to the following:			
Deferred tax liabilities:			
Accrued interest		**(19,099)**	83,593
Other		**(11,297)**	2,279
Deferred tax assets:			
Carry forward revenue losses		**30,396**	85,872
Net deferred tax		**-**	-
(d) The following deferred tax balances have not been recognised:			
At 30%:			
Carry forward losses		**7,437,920**	6,688,230
Capital raising costs		**710,562**	903,670
Property, plant and equipment		**530,672**	-
Provisions and accruals		**29,381**	48,097
Exploration and development		**158,893**	158,893
Prepayments		**-**	-
		8,867,428	7,798,890

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 consolidation 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.

		Consolidated Group	
	Notes	2011	2010
		$	$
7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS			
Cash at bank and in hand		**3,725,703**	13,615,677
Short-term deposits		**49,400,882**	40,788,248
Cash and cash equivalents as shown in the balance sheet and the statement of cash flows		**53,126,585**	54,403,925
8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES			
Trade debtors		**2,318,256**	-
Sundry receivables		**494,489**	421,613
Accrued interest		**63,661**	278,642
Prepayments		**53,571**	28,636
		2,929,977	728,891

The Group has a significant concentration of credit risk with respect to one entity holding 74% of the trade receivables. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the Group.

		Past due but not impaired (days overdue)			
	Gross Amount	**< 30**	**31–60**	**61–90**	**> 90**
2011					
Trade and term receivables	2,318,256	124,051	-	-	248,546
Other receivables	494,489	-	-	-	-
Total	2,812,745	124,051	-	-	248,546
2010					
Trade and term receivables	-	-	-	-	-
Other receivables	421,613	-	-	-	-
Total	421,613	-	-	-	-

Neither the Group nor parent entity holds any financial assets with terms that have been renegotiated, which would otherwise be past due or impaired.

Notes to the financial statements cont.

	Notes	Consolidated Group 2011 $	2010 $
9. NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS			
Bonds & security deposits		665,470	494,192
		665,470	494,192
10. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT			
Plant and equipment			
Cost		**5,134,647**	7,243,980
Accumulated depreciation		**(949,758)**	(324,305)
Net book amount		**4,184,889**	6,919,675
Plant and equipment			
Opening net book amount		**6,919,675**	11,435
Additions		**382,066**	7,222,427
Depreciation charge		**(746,296)**	(314,187)
Revaluations		**(1,759,635)**	-
Disposals		**(610,921)**	-
Closing net book amount		**4,184,889**	6,919,675
Motor Vehicles			
Cost		**948,044**	901,115
Accumulated depreciation		**(264,373)**	(147,895)
Net book amount		**683,671**	753,220
Motor vehicles			
Opening net book amount		**753,220**	76,017
Additions		**293,742**	797,321
Depreciation charge		**(214,723)**	(120,118)
Disposals		**(148,568)**	-
Closing net book amount		**683,671**	753,220
Property and buildings			
Cost		**2,982,578**	2,975,234
Accumulated depreciation		**(22,411)**	(12,411)
Net book amount		**2,960,167**	2,962,823
Property and buildings			
Opening net book amount		**2,962,823**	1,917,329
Additions		**7,344**	1,055,494
Depreciation charge		**(10,000)**	(10,000)
Closing net book amount		**2,960,167**	2,962,823
Software			
Cost		**227,534**	133,846
Accumulated depreciation		**(105,792)**	(31,451)
Net book amount		**121,742**	102,395
Software			
Opening net book amount		**102,395**	10,920
Additions		**93,688**	121,285
Depreciation charge		**(74,341)**	(29,810)
Closing net book amount		**121,742**	102,395

	Notes	Consolidated Group 2011 $	2010 $
10. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)			
Exploration equipment			
Cost		**222,823**	193,405
Accumulated depreciation		**(102,255)**	(52,269)
Net book amount		**120,567**	141,136
Exploration equipment			
Opening net book amount		**141,136**	96,646
Additions		**286,792**	96,425
Depreciation charge		**(57,181)**	(51,935)
Disposals		**(250,180)**	-
Closing net book amount		**120,567**	141,136
Furniture and Fittings			
Cost		**135,773**	114,397
Accumulated depreciation		**(48,331)**	(7,173)
Net book amount		**87,442**	107,224
Furniture and fittings			
Opening net book amount		**107,224**	65,886
Additions		**21,376**	123,877
Depreciation charge		**(41,158)**	(27,835)
Disposals		**-**	(54,704)
Closing net book amount		**87,442**	107,224
Computer equipment			
Cost		**272,270**	265,018
Accumulated depreciation		**(130,431)**	(72,821)
Net book amount		**141,839**	192,197
Computer equipment			
Opening net book amount		**192,197**	55,554
Additions		**35,641**	181,485
Depreciation charge		**(80,524)**	(44,842)
Disposals		**(5,475)**	-
Closing net book amount		**141,839**	192,197
Leasehold Improvements			
Cost		**779,251**	779,251
Accumulated depreciation		**(113,923)**	(22,734)
Net book amount		**665,328**	756,517
Leasehold Improvements			
Opening net book amount		**756,517**	-
Additions		**-**	779,251
Depreciation charge		**(91,189)**	(22,734)
Closing net book amount		**665,328**	756,517

Notes to the financial statements cont.

	Notes	Consolidated Group 2011 $	2010 $
10. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)			
Total Assets			
Cost		**10,702,921**	12,606,246
Accumulated depreciation		**(1,737,275)**	(671,059)
Net book amount		**8,965,646**	11,935,188
Total Assets			
Opening net book amount		**11,935,188**	2,233,787
Additions		**1,120,649**	10,377,565
Depreciation charge		**(1,315,412)**	(621,461)
Revaluations		**(1,759,635)**	-
Disposals		**(1,015,144)**	(54,704)
Closing net book amount		**8,965,646**	11,935,188
11. NON-CURRENT ASSETS – INTANGIBLE ASSETS			
Formation expenses			
Cost		**4,147**	4,147
Accumulated amortisation		**(2,782)**	(1,416)
Net book amount		**1,365**	2,731
Formation expenses			
Opening net book amount		**2,731**	3,561
Additions		**-**	
Amortisation charge		**(1,366)**	(830)
Closing net book amount		**1,365**	2,731
12. CURRENT LIABILITIES			
a) Trade and other payables			
Trade payables		**531,434**	941,558
GST and tax liabilities		**983,330**	-
Other payables and accruals		**366,798**	341,695
		1,881,562	1,283,253
b) Provisions			
Annual leave		**98,378**	145,322

	Notes	2011 Number of securities	2011 $	2010 Number of securities	2010 $
13. CONTRIBUTED EQUITY					
(a) Share capital					
Ordinary shares fully paid	13(b), 13(d)		**87,573,125**		87,323,125
Options	13(e)		**538,573**		538,573
Total contributed equity			**88,111,698**		87,861,698
(b) Movements in ordinary share capital					
Beginning of the financial year		**234,379,896**	**87,323,125**	151,438,228	22,544,482
Issued during the year:					
– Issued via share placement		**-**	**-**	60,000,000	57,000,000
– Issued via private placement		**-**	**-**	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		**1,000,000**	**250,000**	225,000	56,250
– Issued on exercise of options at 30 cents		**-**	**-**	750,000	225,000
– 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)		**-**	**-**	-	-
Less: Transaction costs		**-**	**-**		(2,988,441)
End of the financial year		**235,379,896**	**87,573,125**	234,379,896	87,323,125

13. CONTRIBUTED EQUITY (continued)

(c) Movements in options on issue

	Number of options	
	2011	**2010**
Beginning of the financial year	**21,183,332**	21,795,000
Issued during the year:		
– Exercisable at 40 cents, on or before 31 January 2016	**3,000,000**	-
– Exercisable at 40 cents, on or before 22 February 2016	**2,000,000**	-
– 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 30 cents, on or before 30 June 2012	**3,400,000**	-
– 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 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 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	**(300,000)**	(225,000)
– Exercisable at 30 cents, on or before 30 June 2012	**(2,330,000)**	(750,000)
– Exercisable at 35 cents, on or before 30 June 2012	**(350,000)**	(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	**(1,075,000)**	(1,550,000)
– Exercisable at 20 cents, on or before 31 May 2012	**-**	(1,250,000)
– Exercisable at 25 cents, on or before 31 May 2012	**(2,000,000)**	-
– Exercisable at 40 cents, on or before 31 May 2012	**(4,000,000)**	-
End of the financial year	**18,195,000**	21,183,332

(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.

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 at 30 June 2011 and 30 June 2010 are as follows:

	Notes	Consolidated Group	
		2011	2010
		$	$
Cash and cash equivalents		53,126,585	54,403,925
Trade and other receivables		2,929,977	728,891
Trade and other payables		(1,881,562)	(1,283,253)
Working capital position		54,175,000	53,849,563

14. RESERVES AND ACCUMULATED LOSSES

(a) Reserves

Share-based payments reserve		
Balance at beginning of year	1,901,250	976,416
Employees and contractors share options	856,144	924,834
Balance at end of year	2,757,394	1,901,250

(b) Retained earnings / (accumulated losses)

Balance at beginning of year	(23,626,596)	(5,910,907)
Net profit/(loss) for the year	(3,533,391)	(17,715,689)
Balance at end of year	(27,159,987)	(23,626,596)

15. DIVIDENDS

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

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

Short-term benefits	1,420,449	2,179,787
Post employment benefits	164,669	88,337
Other long-term benefits	-	-
Termination benefits	-	250,000
Share-based payments	664,268	185,890
	2,249,386	2,704,014

Notes to the financial statements cont.

16. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

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.

(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:

2011	Balance at start of the year	Granted as compen sation	Exercised	Other changes	Balance at end of the year	Vested and exer cisable	Unvested
Directors of Bauxite Resources Limited							
Luke Atkins	3,000,000	-	-	-	3,000,000	3,000,000	-
Barry Carbon	-	-	-	-	-	-	-
Scott Donaldson	-	3,000,000	-	-	3,000,000	-	3,000,000
Ding Feng	-	-	-	-	-	-	-
Yan Jitai	-	-	-	-	-	-	-
Neil Lithgow	3,000,000	-	-	-	3,000,000	3,000,000	-
Robert Nash	750,000	-	-	-	750,000	750,000	-
David McSweeney	6,000,000	-	(1,000,000)	(5,000,000)	-	-	-
John Sibly	-	2,000,000	-	-	2,000,000	2,000,000	
Meng Xiangsan	-	-	-	-	-	-	-
Other key management personnel of the Company							
Paul Fromson	430,000	100,000	-	-	530,000	530,000	-

2010	Balance at start of the year	Granted as compen sation	Exercised	Other changes	Balance at end of the year	Vested and exer cisable	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 McSweeney	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 Xiangsan	-	-	-	-	-	-	-
Other key management personnel of the Company							
Paul Fromson	300,000	700,000	(300,000)	(270,000)	430,000	100,000	330,000

16. KEY MANAGEMENT PERSONNEL DISCLOSURES (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.

2011 **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	**-**	**-**	**-**	**-**
Scott Donaldson	**-**	**-**	**358,600**	**358,600**
Ding Feng	**-**	**-**	**-**	**-**
Yan Jitai	**-**	**-**	**-**	**-**
Neil Lithgow	**19,366,666**	**-**	**-**	**19,366,666**
Robert Nash	**254,900**	**-**	**-**	**254,900**
David McSweeney	**527,500**	**-**	**-**	**527,500**
John Sibly	**-**	**-**	**40,500**	**40,500**
Daniel Tenardi	**-**	**-**	**-**	**-**
Meng Xiangsan	**-**	**-**	**-**	**-**
Other key management personnel of the Company				
Paul Fromson	**218,000**	**-**	**(218,000)**	**-**

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

(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 $180,000 (2010: $165,000). 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 $69,295 (2010: $136,539) These amounts paid were on arms length commercial terms and are included as part of the respective compensation.

	Consolidated Group	
	2011	2010
	$	$

17. INTERESTS IN JOINTLY CONTROLLED ENTITIES

(a) The Group has a 30% interest in the Bauxite Resource Joint Venture, whose principal activity is exploring the tenements owned by BRL in the Darling Range of Western Australia (as specifically set out in the agreement) to support the development of bauxite mining and the conduct of mining operations to supply bauxite to an alumina refinery under the terms of the Agreement.

(b) The Group has a 10% interest in the Alumina Refinery Joint Venture, whose principal activity is to determine:

i. the feasibility of planning, developing, constructing and operating an Alumina Refinery; and

ii. if feasible, planning developing, constructing, operating and maintaining the Alumina Refinery.

In the event that a bankable feasibility study is completed and the participants agree to construct a refinery, 9% of the capital expenditure will be met by BRL, however, it will be entitled to 30% of the alumina production and pay 30% of the operating costs.

(c) The Group has a 50% interest in Bauxite Alumina Joint Venture Pty Ltd, a jointly controlled entity. This entity acts as the Manager of the Joint Ventures in (a) and (b) above. The entity receives Management Fees for its services.

The following amounts are included in the Group's consolidated financial statements as a result of the proportionate consolidation of the Joint Ventures above:

	2011 $	2010 $
Current assets	1,863,008	-
Non-current assets	61,837	-
Current liabilities	364,735	-
Income	7,789	-
Expenses	886,818	-

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

Share of expenditure commitments of jointly controlled entities

	2011 $	2010 $
Exploration commitments		
Payable within one year	1,011,300	-
Payable later than one year but not later than five years	3,833,400	-
	4,844,700	-

The commitments above refer to granted tenements as at 30 June 2011. The commitments of the joint ventures are disclosed in note 21.

18. 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

In the prior year, The Company exported trial shipments to Chinese customers being three shipments of bauxite totalling approximately 128,000 tonnes.

ii. Exploration

The Company has continued to advance its business case of defining an economic bauxite resource necessary to support a direct shipping ore (DSO) operation. 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 an agreement with Yankuang 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.

18. 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

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 2011					
REVENUE					
External sales	**10,721,213**	**-**	**-**	**-**	**10,721,213**
Inter-segment sales	**-**	**-**	**-**	**-**	**-**
Interest revenue	**-**	**-**	**-**	**2,853,759**	**2,853,759**
Other revenue	**-**	**-**	**-**	**539,576**	**539,576**
Total segment revenue	**10,721,213**	**-**	**-**	**3,393,335**	**14,114,548**
Segment net profit before tax	**4,618,176**	**(529,181)**	**(2,243,112)**	**(4,062,497)**	**(2,216,614)**
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					(1,316,777)
Net profit before tax from continuing operations					(3,533,391)
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)

Notes to the financial statements cont.

18. OPERATING SEGMENTS (continued)

ii. Segment assets

	Exploration $	Operations $	BFS & other studies $	Administration & Other $	Total $
30 June 2011					
Segment assets					
Segment assets	**1,683,854**	**2,328,657**	**2,072,799**	**59,603,733**	**65,689,043**
Total group assets					**65,689,043**
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
iii. Segment liabilities					
30 June 2011					
Segment liabilities					
Segment Liabilities	**1,615,598**	**-**	**39,526**	**324,816**	**1,979,940**
Total group liabilities					**1,979,940**
30 June 2010					
Segment liabilities					
Segment Liabilities	581,930	208,073	-	638,572	1,428,575
Total group liabilities					1,428,575

iv. Major customers

The Group has 2 major parties that it received monies in relation to recoupment's for exploration costs (seen within the exploration segment above) 85% (2010: Nil%) of this item was received from one external entity with 15% (2010: Nil%) received from another entity. All other receipts during the year are not considered significant. In 2010, the Group received 100% of sales of Bauxite from a single external entity.

	Consolidated Group 2011 $	Consolidated Group 2010 $
19. REMUNERATION OF AUDITORS		
(a) Audit services		
Moore Stephens - audit and review of financial reports	**28,681**	29,695
Total remuneration for audit services	**28,681**	29,695
(b) Non-audit services		
Moore Stephens – Due Diligence	**-**	13,645
Moore Stephens – Taxation services	**16,557**	24,826
Total remuneration for other services	**16,557**	38,471

20. 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 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	
	2011	**2010**
	$	**$**
21. 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	**1,550,115**	694,500
later than one year but not later than five years	**5,103,978**	2,084,415
	6,654,093	2,778,915

The exploration commitments above reflect a commitment of 30% of total minimum annual expenditure requirements for tenements included in the Bauxite Resource Joint Venture Agreement. As legal title remains with BRL, it is the responsibility of the Company to meet these minimum expenditure requirements. Total commitments on tenements held by BRL total $3,291,218 within one year and $11,684,793 later than one year but not later than five years.

(b) Commercial property lease commitments		
within one year	**646,644**	681,927
later than one year but not later than five years	**2,481,784**	2,753,907
Later than five years	**-**	432,905
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	**3,128,428**	3,868,739

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.

(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 11 that are not recognised as liabilities and are not included in the key management personnel compensation.

within one year	**189,576**	275,205
later than one year but not later than five years	**15,000**	195,000
	204,576	470,205

Notes to the financial statements cont.

22. RELATED PARTY TRANSACTIONS

	Consolidated Group	
	2011	2010
	$	$
(a) Amounts received from related parties		
Bauxite Alumina Joint Ventures Pty Ltd	**129,684**	-
Bauxite Resource Joint Venture	**277,929**	-
Alumina Refinery Joint Venture	**254,713**	-
	662,326	-
(b) Amounts paid to related parties		
Bauxite Resource Joint Venture	**76,762**	-
	76,762	-
(c) Trade and other receivables from related parties		
Bauxite Alumina Joint Ventures Pty Ltd	**80,316**	-
Bauxite Resource Joint Venture	**27,041**	-
Alumina Refinery Joint Venture	**15,680**	-
	123,037	-
(d) Trade and other payables to related parties		
Bauxite Resource Joint Venture	**23,297**	-
	23,297	-

23. 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)	
				2011	2010
				%	%
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
Bauxite Alumina Joint Ventures Pty Ltd	Australia	12 January 2011	Ordinary	50	-

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

24. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There has not been any other event that has arisen since 30 June 2011 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.

	Consolidated Group	
	2011	2010
	$	$
25. CASH FLOW STATEMENT		
Reconciliation of net profit or loss after income tax to net cash outflow from operating activities		
Net profit/(loss) for the year	(3,533,391)	(17,715,689)
Non cash Items		
Depreciation and amortisation	1,316,777	621,461
Share-based payments expense	856,143	924,834
Mining improvements written down	-	437,392
Net (gain)/loss on disposal of property, plant and equipment	(84,805)	54,704
Impairment of property, plant and equipment	1,768,495	-
Change in operating assets and liabilities, net of effects from purchase of controlled entities		
(Increase) in trade and other receivables	(2,619,730)	(212,940)
Increase in trade and other payables	1,215,763	72,455
Net cash inflow/(outflow) from operating activities	(1,080,748)	(15,817,784)

26. EARNINGS PER SHARE

(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	(3,533,391)	(17,715,689)

	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	234,741,540	201,788,507

(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 anti-dilutive 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 financial statements cont.

27. 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.

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			
	2011		2010	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	**13,433,332**	**46.2**	12,795,000	34.8
Granted	**8,400,000**	**36.0**	9,250,000	92.6
Forfeited/cancelled/expired	**(10,388,332)**	**38.0**	(6,620,000)	93.8
Exercised	**(1,000,000)**	**25.0**	(1,991,668)	33.5
Outstanding at year-end	**10,445,000**	**42.9**	13,433,332	46.2
Exercisable at year-end	**7,445,000**	**44.1**	11,248,332	44.3

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 2.73 years (2010: 2.09 years), with exercise prices ranging from 25 to 100 cents.

The weighted average fair value of the options granted during the year was 16.6 cents (2010: 36.7 cents). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	Consolidated Group	
	2011	2010
Weighted average exercise price (cents)	**35.95**	92.65
Weighted average life of the option (years)	**3.64**	3.19
Weighted average underlying share price (cents)	**24.25**	84.31
Expected share price volatility	**94.91%**	60.97%
Weighted average risk free interest rate	**5.00%**	3.53%

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.

	2011 $	2010 $
Options issued to directors, employees and contractors	**856,143**	924,834

Directors' Declaration

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

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

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

  (ii) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2011 and of their performance for the financial year ended on that date;

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

(c) 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 2011; and

(d) 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 AM
Chairman

Perth, 27th September 2011

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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 and Controlled Entities (the consolidated entity), which comprises the statements of financial position as at 30 June 2011, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company. The consolidated entity comprises the company and the entities it controlled at the period's end or from time to time during the financial period.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgement, 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, which has been given to the directors of Bauxite Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

a) the financial report of Bauxite Resources Limited is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the period ended on that date; and

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

b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 12 of the directors' report for the period ended 30 June 2011. 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 period ended 30 June 2011 complies with section 300A of the Corporations Act 2001.

Moore Stephens

Chartered Accountants

NEIL PACE

Partner

PERTH

Signed at Perth this 27th day of September 2011.

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 21st September 2011.

(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	131	64,341
1,001	–	5,000	434	1,370,995
5,001	–	10,000	322	2,716,051
10,001	–	100,000	954	36,738,801
100,001		and over	224	194,489,708
			2,065	235,379,896
The number of equity security holders holding less than a marketable parcel (based on a $0.17 price) of securities are:			319	436,538

(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	8.37%
2. Yankuang Resources Pty Ltd	19,700,000	8.37%
3. Big Fish Nominees Pty Ltd	17,666,666	7.51%
4. Tailrain Pty Ltd (Childrens A/c)	17,016,667	7.23%
5. Dilkara Nominees Pty Ltd (Millwood Smith A/c)	14,216,667	6.04%
6. RBC Dexia Investor Services (BK Cust A/c)	8,712,000	3.70%
7. HSBC Custody Nominees Australia Ltd	6,789,999	2.88%
8. National Nominees Pty Ltd	5,331,380	2.27%
9. Citicorp Nominees Pty Limited	5,279,895	2.24%
10. Merrill Lynch Australia Nominees Pty Ltd	3,656,841	1.55%
11. JP Morgan Nominees Australia Ltd (Cash Income Account)	3,508,491	1.49%
12. WSF Pty Ltd (Woodstock Super A/c)	2,776,535	1.18%
13. Sharbanee PG (Scorpion Fund A/c)	2,050,000	0.87%
14. Romadak Pty Ltd (Romodak Superfund A/c)	1,700,000	0.72%
15. Spectral Investment Pty Ltd (Lithgow Family A/c)	1,662,500	0.71%
16. Yuen Kwan Hung & Sze MC	1,651,900	0.70%
17. Davidson Murray	1,500,000	0.64%
18. JP Morgan Nominees Australia Ltd	1,257,567	0.53%
19. Cahill John	1,113,382	0.47%
20. Finico Pty Ltd	1,050,000	0.45%
	136,340,490	57.92%

(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
Big Fish Nominees Pty Ltd (Lithgow Family A/c)	17,666,666
Tailrain Pty Ltd (Childrens A/c)	17,016,667
Dilkara Nominees Pty Ltd	14,216,667

(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	25.8%	2,000,000
Tailrain Pty Ltd (Childrens A/c)	12.9%	1,000,000
Neil Lithgow	25.8%	2,000,000
Bigfish Nominees Pty Ltd	12.9%	1,000,000
Robert Nash (The Nash Family A/c)	9.7%	750,000
Other	12.9%	1,000,000
		7,750,000
40 cent options expiring 31 January 2016		
Scott Donaldson	100%	3,000,000
40 cent options expiring 22 February 2016		
John Sibly	100%	2,000,000
Employee share option plan		
30 cent Options expiring 30 June 2012		3,790,000
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		1,125,000
		5,445,000
		18,195,000

ASX Additional Information (cont.)

(f) Schedule of interests in mining tenements

YANKUANG JOINT VENTURE TENEMENTS

Bauxite Resources Limited has a 30% interest in the bauxite rights and 100% interest in other minerals on the tenements below

Location	Tenement
North Darling Range	
Beechina	E70/3193
Mt Gorrie	E70/3206
Moora	E70/3319
Muchea West	E70/3433
Kokendin	E70/3488
Avon Valley	E70/3528
Bald Hill	E70/3537
Trig Road	E70/3707
Silver Hills	E70/3826
Bunjinbar Rocks	E70/3827
Badji Brook	E70/3855
Woorooloo	E70/4010
Keating Road	E70/4011
Boononging	E70/4022
BerryBrow	E70/3002
Red Hill	E70/3003
Gillingarra	E70/3007
Bindoon	E70/3064
Jimperding	E70/3159
West Toodyay	E70/3432
Bejoording	E70/3564
Boonaring Hill	E70/3597
Coolingoort	E70/3598
Thompson Rd.	E70/3629
Gillingarry Hill	E70/3630
Mt Talbot	E70/3651
Kodara	E70/3688
Springvale	E70/3706
Bakers Hill	E70/3731
Wandina Hill	E70/3823
Miling	E70/3824
Gabatha Spring	E70/3825
York	E70/3828
Goongandano	E70/3854
Jimperding Hill	E70/3900
Miwana	E70/4021

Location	Tenement
South Darling Range	
Collie	E12/2
Collie Rd	E70/3102
Balingup	E70/3164
Jarrahdale	E70/3194
Harvey	E70/3195
Dandalup	E70/3196
Pt Solid	E70/3197
Wugong	E70/3204
Hotham	E70/3205
Yanmah	E70/3312
Nannup	E70/3313
Boyup Brook	E70/3471
Mairdebring	E70/3472
Grimwade	E70/3539
Wilga West	E70/3540
Pimelea	E70/3571
Condinup	E70/3573
Carlotta	E70/3575
Darkan	E70/3576
Keralarup	E70/3577
Ginganup	E70/3578
Moriartys Well	E70/3581
Meranup	E70/3614
Wishart Road	E70/3626
Wakalwararup	E70/3655
Nugulup	E70/3656
Donelly River 3	E70/3810
Bakers Hill	E70/3835
Peach Hill	E70/3836
Walgarrup River	E70/3837
Gregory Road	E70/3903
Donnelly River	E70/3979
Savage Creek	E70/3980
Donelly River 2	E70/3981
Bridgetown	E70/3473
Palgarup	E70/3474
Dinninup	E70/3565
Wahkinup	E70/3572

Location	Tenement
South Darling Range	
Gnowergerup	E70/3574
Southampton	E70/3622
Mokup Hill	E70/3624
Yornup	E70/3627
Division Road	E70/3628
Donnybrook	E70/3632
Wilgarrup	E70/3642
Crossing Pool	E70/3643
Moodiarrup	E70/3644
Blackwood	E70/3657
Wagin	E70/3829
Mt Latham	E70/3830
Lake Clear	E70/3831
Kojonup	E70/3832
Wigwam Soak	E70/3833
Yeriminup Hill	E70/3834

East Darling Range	
Taurus	E70/3485
Coodjatotine	E70/3486
Napping	E70/3487
Neika	E70/3490
Minigin	E70/3491
Dryandra	E70/3746
Popanyinning	E70/3618
Williams	E70/3623
Beverly	E70/3633
Brookton	E70/3634
Quanamining	E70/3652
Taurus	E70/3485
Coodjatotine	E70/3486
Napping	E70/3487
Neika	E70/3490
Minigin	E70/3491
Dryandra	E70/3746

HD MINING & INVESTMENTS JOINT VENTURE TENEMENTS

HD Mining & Investments (HDMI) is currently working towards obtaining 40% interest in the bauxite rights of the tenements below. This will be triggered if HDMI enters into a binding commitment to undertake a feasibility study on these tenements. Should HDMI and BRL make a decision to mine, then HDMI will earn an additional 20% interest in bauxite rights in these tenements. BRL maintains 100% interest in other minerals. At the date of this report, BRL still has 100% interest in these tenements.

Location	Tenement	Location	Tenement
North Darling Range		**East Darling Range**	
Beechina	E70/3193	Collie	E12/2
Mt Gorrie	E70/3206	Collie Rd	E70/3102
Moora	E70/3319	Balingup	E70/3164

BRL TENEMENTS (100% INTEREST)

Location	Tenement	Location	Tenement
Northern Territory		**North Darling Range**	
Drysdale Island	EL27302	Munnapin Brook	E70/4151
Raragala Island	EL27303		

Kimberley		**South Darling Range**	
Doongan	E04/2011	Boyup Brook	E70/4092
Doongan	E80/4259	Gordon Road	E70/4095
Couchman Range	E80/4590	Ladycroft	E70/4096
Theda	E80/4591	McNab Well	E70/4126
Theda 2	E80/4592		
Carson River	E80/4593		
Sir Frederick Hills	E80/4594		
Carson River 2	E80/4595		
Gardner Plateau	E04/1853		
Pollard Hill	E80/4180		
King Edward	E80/4181		
Head Hill	E80/4223		
Granville	E80/4258		

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