BAUXITE RESOURCES LIMITED

Bauxite Resources Limited ABN 72 119 699 982
and Controlled Entities

Interim Financial Report

for the half-year ended 31 December 2013

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the period ended 30 June 2013 and any public announcements made by Bauxite Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2013.

DIRECTORS

The names of directors who held office at the end of the half-year were:

Mr Robert Nash	Mr John Sibly
Mr Peter Canterbury	Mr Yang Chenghai
Mr Luke Atkins	Mr Zhan Qingwei
Mr Neil Lithgow	

REVIEW OF OPERATIONS

Business Direction and Board Strategy

During the half year ending 31 December 2013 the Company continued to focus primarily on the exploration and evaluation of bauxite prospectivity in the Company's extensive tenement holding in WA's Darling Range, the largest bauxite and alumina producing region in the world. At the reporting date the Company held exploration tenements over 14,266 km2 (7,621 km2 granted). The Company undertakes this exploration and evaluation both in its own right and through participation in three joint ventures.

Two of these joint ventures are carrying out exploration for bauxite, while the third joint venture was formed to examine the feasibility of building and operating an alumina refinery in Western Australia to process bauxite sourced from the Darling Range region.

The Company's exploration efforts during the 6 months to 31 December 2013 yielded a 38% increase in JORC compliant bauxite resources. Total quoted resource at 31 December 2013 stood at 338 million tonnes. Of this total resource, 39.5 million tonnes are held by the Company in its own right, 267.2 million tonnes are held in the Bauxite Resources Joint Venture ("BRJV"), and 31.3 million tonnes are held in the BRL-HD Mining joint venture ("HDMI").

During the reporting period the company made significant progress in the development of its 100% owned Fortuna deposit. In September 2013 the company announced the upgrade of the Fortuna deposit from 26.8Mt to 39.5Mt.

Due to more favourable exchange rates and market conditions the Company announced it would move the Fortuna Deposit into a development evaluation phase for supply into the international bauxite market of its 100% owned bauxite resources. To support this, a preliminary flora and fauna survey was commenced on the Fortuna deposit in December 2013, consisting of background research and a reconnaissance field survey to broadly map vegetation and characterise habitats. This work forms part of extensive information required for the Company to further evaluate development potential for the project.

The company also began preliminary discussions with landowners on converting properties from Exploration Access Agreements to Mining Agreements. In addition, conceptual mine planning activities have commenced.

During the reporting period the Company formally handed back to the landowner, the area of private farmland that was used for the trial mining in 2009/10 following successful rehabilitation of the pastoral land.

At completion of the trial shipments in March 2010, the eight hectares of cleared pastoral land was returned to original land form by replacing the stockpiled overburden and topsoil. In consultation with the owner during the four successive growing seasons, BRL has monitored and gathered data from the rehabilitation process gaining valuable information for future mining programs.

During the December half, the Company maintained its prudent approach to expenditure and has completed the year with cash balance of over $42 million in hand and no bank debt. This strong financial position will allow the Company to confidently pursue its strategic objectives over the next two years.

In addition due to its significant cash reserves the Company remains well positioned to take up any opportunities that may arise where the Directors are satisfied that these will be value accretive for shareholders.

DIRECTORS' REPORT

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

Bauxite resources for the group as at 31 December 2013 total of 338Mt (1)

	Size Mt	**Al2O3 (total) %**	**Al2O3 (available at 148°c) %**	**SiO2 (reactive at 148°c) %**
Total Measured	**53.2**	**39.2**	**30.5**	**1.3**
Total Indicated	**122.2**	**39.9**	**30.4**	**2.1**
Total Inferred	**162.6**	**39.1**	**29.6**	**2.7**
WA TOTAL Bauxite	**338.0**	**39.4**	**30.0**	**2.3**
Attributable to BRL #				
BRL	39.5	37.3	28.8	1.6
BAJV	80.2	39.5	30.2	2.2
HDMJV#	31.3	41.0	30.4	3.7
Total	**150.9**	**39.2**	**29.9**	**2.4**

At time of report BRL retains 30% beneficial interest in BAJV resources. BRL at this time retains 100% interest in the HDMJV resource tonnes however HD Mining (HDMJV) can earn up to 60% of bauxite rights upon completion of certain milestones including a BFS leading to a decision to mine. The total attributable to BRL if HDM earn their full interest in HDMJV resources would be 132Mt.

Board and Management Changes

During the half year to December 2013 there were several changes to the Board of the Company.

The Chairman of the Company Mr Barry Carbon AM retired from the Board on 8th August 2013 and was replaced as Chairman by Mr Robert Nash, an existing Non-Executive Director of BRL.

On the 2 September 2013 Mr Yan Jitai resigned as Non-Executive Director of BRL and was replaced by Mr Zhan Qingwei as the representative from the Company's substantial shareholder, Yankuang Group Corporation (Yankuang). Then on the 7 March 2014 Mr Zhan Qingwei resigned as Non-Executive Director of BRL and was replaced by Mr Cunliang Lai as the representative from the Company's substantial shareholder, Yankuang.

On the 11 September 2013 Mr Ding Feng resigned as Non-Executive Director of BRL and was replaced by Mr Yang Chenghai (David) as the representative from the Company's substantial shareholder, HD Mining & Investments (HD Mining).

AUDITOR'S DECLARATION

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 4 for the half-year ended 31 December 2013.

This report is signed in accordance with a resolution of the Board of Directors.

Robert Nash
Chairman
Dated this 11th day of March 2014

[1]COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration results is based on information compiled by Mark Menzies, who is a member of the Australian Institute of Geoscientists. Mr Menzies is a qualified geologist and a full time employee, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Menzies has consented to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.

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AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF BAUXITE RESOURCES LIMITED

As lead auditor for the review of Bauxite Resources Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

- no contraventions of any applicable code of professional conduct in relation to the review.

MOORE STEPHENS

Suan-Lee Tan
Partner

Moore Stephens
Chartered Accountants

Signed at Perth this 11th day of March 2014

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	Consolidated Group	
		31/12/2013	31/12/2012
		$	$
Revenue			
Interest income		**865,835**	1,168,971
Recoupment of exploration cost		**303,724**	138,361
Other Income		**172,367**	213,747
Cost of sales		**-**	-
Employee benefits expense		**(881,828)**	(1,097,059)
Exploration written off		**(1,714,740)**	(2,147,226)
Bankable feasibility and other studies		**(36,964)**	(42,555)
Administration expenses		**(726,691)**	(853,986)
Depreciation and amortisation expense		**(273,891)**	(375,715)
Profit / (loss) on sale of fixed assets		**21,680**	(7,112)
Share based payments expense		**(15,460)**	-
Profit before income tax		**(2,285,968)**	(3,002,574)
Income tax refund/(expense)		**-**	514,138
Profit from continuing operations		**(2,285,968)**	(2,488,436)
(Loss)/Profit from discontinued operations		-	-
Profit for the period	2	**(2,285,968)**	(2,488,436)
Profit/(Loss) attributable to:			
Members of the parent entity		**(2,285,968)**	(2,488,436)
Non-controlling interest		**-**	-
		(2,285,968)	(2,488,436)
Other comprehensive income			
Other comprehensive income for the period, net of tax		**-**	-
Total comprehensive income for the period		**(2,285,968)**	(2,488,436)
Total profit/(Loss) and other 'comprehensive income attributable to:			
Members of the parent entity		**(2,285,968)**	(2,488,436)
Non-controlling interest		**-**	-
		(2,285,968)	(2,488,436)
Earnings per share			
From continuing and discontinued operations:			
Basic earnings per share (cents)		**(0.99)**	(1.06)
Diluted earnings per share (cents)		**(0.98)**	(1.04)

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Consolidated Group	
	31/12/2013	**30/06/2013**
	$	**$**
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**42,735,125**	43,881,153
Trade and other receivables	**817,239**	1,856,906
Inventories	**-**	-
TOTAL CURRENT ASSETS	**43,552,364**	45,738,059
NON-CURRENT ASSETS		
Property, plant and equipment	**5,702,273**	5,981,261
Intangible assets	**-**	-
Other financial assets	**459,776**	480,042
TOTAL NON-CURRENT ASSSETS	**6,162,049**	6,461,303
TOTAL ASSETS	**49,714,413**	52,199,363
CURRENT LIABILITIES		
Trade and other payables	**416,360**	419,446
Short-term provisions	**121,214**	111,469
TOTAL CURRENT LIABILITIES	**537,574**	530,915
TOTAL LIABILITIES	**537,574**	530,915
NET ASSETS	**49,176,839**	51,668,448
EQUITY		
Issued capital	**87,651,717**	87,872,818
Reserves	**484,679**	469,219
Retained earnings	**(38,959,557)**	(36,673,589)
TOTAL EQUITY	**49,176,839**	51,668,448

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2013

	Note	Issued Capital Ordinary	Option Reserve	Retained Earnings	Total
		$	$	$	$
Balance at 1/7/2012		88,111,698	983,691	(31,885,078)	57,210,311
Comprehensive Income					
Profit/(loss) for Period		-	-	(2,488,436)	(2,488,436)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	(2,488,436)	(2,488,436)
Shares issued during the period		-	-	-	-
Transaction costs associated with share issue		-	-	-	-
Employee share options issued during the period		-	-	-	-
Balance at 31/12/2012		88,111,698	983,691	(34,373,514)	54,721,875
Balance at 1/7/2013		87,872,818	469,219	(36,673,589)	51,668,448
Comprehensive Income					
Profit/(loss) for period		-	-	(2,285,968)	(2,285,968)
Other comprehensive income for period		-	-	-	-
Total comprehensive income for the period		-	-	(2,285,968)	(2,285,968)
Shares issued during the period		-	-	-	-
Share repurchased and cancelled during the period		(220,001)	-	-	(220,001)
Transaction costs associated with share issue		(1,100)	-	-	(1,100)
Employee share options issued during the period		-	15,460	-	15,460
Balance at 31/12/2013		**87,651,717**	**484,679**	**(38,959,557)**	**49,176,839**

The accompanying notes form part of this financial report

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Consolidated Group	
	31/12/2013	**31/12/2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	**1,124,163**	189,700
Payments to suppliers and employees	**(1,529,646)**	(2,286,947)
Payments for exploration expenditure	**(1,491,560)**	(2,008,864)
Interest received	**925,074**	1,034,787
Income tax refunded	**-**	514,138
Net cash (used in)/provided by operating activities	**(971,969)**	(2,557,186)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	**46,000**	22,850
Purchase of property, plant and equipment	**(19,224)**	(100,192)
Payment for other financial assets	**20,266**	(22,729)
Expenditure on mining improvements	**-**	-
Net cash used in investing activities	**47,042**	(100,071)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**-**	-
Payment for buyback of shares	**(221,101)**	-
Net cash used in/(provided by) financing activities	**(221,101)**	-
Net increase (decrease) in cash held	**(1,146,028)**	(2,657,257)
Cash and cash equivalents at beginning of period	**43,881,153**	48,031,090
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**42,735,125**	45,373,833

The accompanying notes form part of this financial report

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2013 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Bauxite Resources Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2013, together with any public announcements made during the half-year.

ACCOUNTING POLICIES

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

NEW AND REVISED ACCOUNTING REQUIREMENTS APPLICABLE TO THE CURRENT HALF-YEAR REPORTING PERIOD

(i) Consolidated financial statements, joint arrangements and disclosure of interests in other entities

The Group has adopted the following new and revised Australian Accounting Standards from 1 July 2013 together with consequential amendments to other Standards:

- AASB 10: *Consolidated Financial Statements;*
- AASB 127: *Separate Financial Statements* (August 2011);
- AASB 11: *Joint Arrangements;*
- AASB 128: *Investments in Associates and Joint Ventures* (August 2011);
- AASB 12: *Disclosure of Interests in Other Entities;*
- AASB 2011–7*: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*; and
- AASB 2012–10: *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments.*

These Standards became mandatorily applicable from 1 January 2013 and became applicable to the Group for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. The Group has applied these Accounting Standards retrospectively in accordance with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* and the specific transition requirements in AASB 10 and AASB 11. The effects of initial application of these Standards in the current half-year reporting period are as follows:

- *Consolidated financial statements:*
  AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. Revised AASB 127 facilitates the application of AASB 10 and prescribes requirements for separate financial statements of the parent entity. On adoption of AASB 10, the assets, liabilities and non-controlling interests related to investments in businesses that are now assessed as being controlled by the Group, and were therefore not previously consolidated, are measured as if the investee had been consolidated (and therefore applied acquisition accounting in accordance with AASB 3: *Business Combinations*) from the date when the Group obtained control of that investee on the basis of the requirements in AASB 10.

  Upon the initial application of AASB 10, retrospective restatement of financial statement amounts of the

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

year that immediately precedes the date of initial application (ie 2012–2013) is necessary. When control is considered to have been obtained earlier than the beginning of the immediately preceding year (ie pre-1 July 2012), any difference between the amount of assets, liabilities and non-controlling interests recognised and the previous carrying amount of the investment in that investee is recognised as an adjustment to equity as at 1 July 2012.

Although the first-time application of AASB 10 (together with the associated Standards) caused certain changes to the Group's accounting policy for consolidation and determining control, it did not result in any changes to the amounts reported in the Group's financial statements as the "controlled" status of the existing subsidiaries did not change, nor did it result in any new subsidiaries being included in the Group as a consequence of the revised definition. However, the revised wording of accounting policy for consolidation is set out below.

- *Joint arrangements:*
  AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Revised AASB 128 facilitates the application of AASB 11 and incorporates guidance relating to the equity method of accounting. Joint ventures will generally be required to be accounted for using the equity method under AASB 11. The proportionate consolidation method is no longer permitted. However, this will not have any impact on the Group's financial statements as the Group's interest in joint ventures is currently accounted for using the equity method of accounting.
  When changing from the proportionate consolidation method to the equity method upon initial application of AASB 11, investments in joint ventures are required to be recognised as at the beginning of the immediately preceding year (ie as at 1 July 2012) and measured as the aggregate of the carrying amounts of the assets and liabilities that the investor had previously proportionately consolidated, including any goodwill arising from acquisition. This amount is regarded as the deemed cost of the investment at initial recognition, and is subject to impairment testing at that point in time. If aggregating all previously proportionately consolidated assets and liabilities results in a negative net asset amount, the investor recognises a liability to the extent that it has a legal or constructive obligation with respect to the negative net assets, and recognises any balance of the negative net assets as an adjustment to opening retained earnings.
  Although the first-time application of AASB 11 (together with the associated Standards) caused certain changes to the Group's accounting policy for accounting for joint ventures and classification of joint arrangements, the directors have determined that such changes did not have any significant impact on the amounts reported in the Group's financial statements, mainly because the Group's classification of joint arrangements did not change.

(ii) *Other*

Other new and amending Standards that became applicable to the Group for the first time during this half-year reporting period are as follows:

AASB 2012–2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* and AASB 2012–5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle.*

These Standards make changes to presentation and disclosure requirements, but did not affect the Group's accounting policies or the amounts reported in the financial statements.

AASB 119: *Employee Benefits* (September 2011) and AASB 2011–10*: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).*

These Standards did not affect the Group's accounting policies or the amounts reported in the financial statements, mainly because the Group does not have defined benefit plan assets or obligations.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The critical estimates and judgments are consistent with those applied and disclosed in the June 2013 annual report.

PRINCIPLES OF CONSOLIDATION

Subsidiaries

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Bauxite Resources Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 4.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Interests in Joint Arrangements

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a “joint venture” and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The group’s interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements. Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties’ interests. When the group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

Details of the group’s interests in joint arrangements are provided in Note 5.

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 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.

NOTE 2: OPERATING SEGMENTS

(i) Segment performance

	Exploration	Operations	BFS & other studies	Administration & other	Total
	$	**$**	**$**	**$**	**$**
Six months ended 31 December 2013					
Revenue					
Recoupment of exploration costs	**303,724**	**-**	**-**	**-**	**303,724**
Other income	**-**	**-**	**-**	**172,367**	**172,367**
Interest revenue	**-**	**-**	**-**	**865,836**	**865,836**
Total segment revenue	**303,724**	**-**	**-**	**1,038,203**	**1,341,927**
Segment net loss before tax	**(1,025,581)**	**-**	**-**	**(986,496)**	**(2,012,077)**
Reconciliation of segment result to group net profit/(loss) before tax					
Amounts not included in segment result but reviewed by the Board:					
— depreciation and amortisation					**(273,891)**
Net loss before tax from continuing operations					**(2,285,968)**
Six months ended 31 December 2012					
Revenue					
Recoupment of exploration costs	138,361	-	-	-	138,361
Other income	-	-	-	213,747	213,747
Interest revenue	-	-	-	1,168,971	1,168,971
Total segment revenue	138,361	-	-	1,382,718	1,521,079
Segment net profit before tax	(1,651,970)	-	-	(974,889)	(2,626,859)
Reconciliation of segment result to group net profit/(loss) before tax					
Amounts not included in segment result but reviewed by the Board:					
— depreciation and amortisation					(375,715)
Net profit before tax from continuing operations					(3,002,574)

(ii) Segment assets

	Exploration	Operations	BFS & other studies	Administration & other	Total
	$	$	$	$	$
Opening balance 1 July 2013	407,661	-	-	51,791,702	52,199,363
Closing balance 31 December 2013	**668,609**	**-**	**-**	**49,045,804**	**49,714,413**

NOTE 3: CONTINGENT LIABILITIES

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.

As announced on 27 September 2013, the Company subsequently received a proposed claim on 26 September 2013 which alleged the Company engaged in misleading and deceptive conduct in September 2009. The proposed claim is on behalf of a pool of investors who acquired shares in the Company in the share placement which occurred in October 2009. Consistent with the Company's previous announcements concerning these allegations, BRL intends to defend any legal proceedings in the event any are commenced.

Based on discussions with legal counsel to date, the Directors believe there are strong grounds on which the claim can be defended and accordingly no contingent liability has been recognised in these half year accounts. In accordance with Civil Proceedings Disputes Act 2011 (Cwlth), and as previously announced in the December 2013 Quarterly Activities Report, the Company's lawyers are currently engaged in pre-action conferral with lawyers representing Bentham IMF Limited.

NOTE 4: 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:

Name	Country of Incorporation	Date of Incorporation	Class of Shares	Equity Holding(1) 2013 %	Equity Holding(1) 2012 %
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
VA Holdings Pty Ltd	Australia	13 February 2009	Ordinary	100	-
Bauxite Alumina Joint Ventures Pty Ltd	Australia	12 January 2011	Ordinary	50	50

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

NOTE 5: INTEREST 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.

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

There has not been any other event that has arisen since 31 December 2013 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.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 14 are in accordance with the *Corporations Act 2001*, including:
    a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
    b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Robert Nash
Chairman
Dated this 11th day of March 2014

MOORE STEPHENS
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BAUXITE RESOURCES LIMILTED AND ITS CONTROLLED ENTITIES

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Bauxite Resources Limited which comprises the consolidated condensed statement of financial position as at 31 December 2013, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity, the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Bauxite Resources Limited's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Bauxite Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bauxite Resources Limited is not in accordance with the *Corporations Act 2001* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

MOORE STEPHENS

Suan-Lee Tan
Partner

Moore Stephens
Chartered Accountants

Signed at Perth this 11th day of March 2014

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