



## **Interim Financial Report for the half-year ended 30 June 2015**

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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 year ended 31 December 2014 and any public announcements made by Australian Bauxite Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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**CORPORATE DIRECTORY****Australian Bauxite Limited**

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**Directors**

Paul Lennon (Non-Executive Chairman)  
Ian Levy (Managing Director and CEO)  
Ken Boundy

**Joint Company Secretaries**

Henry Kinstlinger  
Julian Rockett

**Share Registry**

Computershare Investor Services Pty Limited  
Level 3  
60 Carrington Street  
Sydney NSW 2000, Australia  
Telephone: 1300 327 328 (within Australia)

**ASX Code – ABX**

Australian Bauxite Limited shares are listed on the Australian Securities Exchange.

This financial report covers the Consolidated Entity consisting Australian Bauxite Limited and its controlled entities.

Australian Bauxite Limited is a company limited by shares, incorporated and domiciled in Australia.

## REVIEW OF OPERATIONS

### Corporate

- In January 2015, Rob Williams was appointed General Manager.
- In May 2015, at ABx's AGM, all resolutions put to the meeting were passed on a show of hands.
- Group available cash was \$2.7 million as at 30 June 2015 & \$2.2 million as at 21 August 2015.

### Operations & Exploration

#### Bald Hill Bauxite Project – ABx's 1<sup>st</sup> mine

ABx commenced development of the Bald Hill mine on schedule in mid-December 2014, conducted trail mining in the 1<sup>st</sup> Quarter of 2015 and established its mine-screen-stockpile operations in April-May. The project has overcome unseasonably cold weather during the quarter to commence railings of good quality bauxite to Bell Bay export port in northern Tasmania.

In August, a larger screening plant (colloquially called "Big Red") was commissioned to increase production rates and in recent days, the transport supply-chain was completed with the commissioning of the large ship loader at Bell Bay port.

Project summary		3 months to 30 June 2015	To 21 August 2015
Ore mined	tonnes ore	115,000	137,000
Screened	tonnes ore	51,000	84,000
Produced	tonnes bauxite	20,000	44,000
	& tonnes stored*	17,000	21,000
Mine stockpile	tonnes bauxite	15,500	16,400
Port stockpile	tonnes bauxite	4,000	6,400
In transit	tonnes bauxite	0	2,500

\* Stored bauxite to be rescreened, mainly in Summer

#### Mining – ahead of schedule

Mining is ahead of schedule and the ore is free diggable as planned. Mining and stockpiling sequence adjustments during the 2<sup>nd</sup> Quarter has allowed wet ore zones to aerate and de-ice to enhance screening. Coordination between mining and screening will bring further benefits as site operations are perfected over the next year. Rehabilitation has commenced in readiness for the Spring growing season.

Mining summary		3 months to 30 June 2015	To 21 August 2015
Soil removed & stored	tonnes ore	12,000	20,000
Overburden relocated	tonnes ore	8,500	13,000
Ore mined	tonnes bauxite	115,000	137,000
Transitional & detrital	tonnes stored*	22,000	26,000

\* Stored bauxite to be rescreened, mainly in Summer

#### Screening – weather delays being overcome

Unseasonal amounts of snow and ice during Winter slowed screen throughput more than expected but has been overcome by operational changes and by installing a larger screen plant dubbed "Big Red" (see below). Screening rates fell below 50% of budget but are increasing strongly since Big Red began operating. In periods of 4 consecutive dry clear days, the project has achieved budget. As Spring approaches, the days are becoming longer and more amenable to production.

Adjustments by the site production team led to production proceeding at a better rate in August and more importantly, has produced a **quality bauxite product**.

Screening summary (includes some bauxite not requiring screening)		3 months to 30 June 2015	To 21 August 2015
Screened	tonnes ore	51,000	84,000
Product produced	tonnes ore	20,000	44,000
plus	tonnes stored*	17,000	21,000
Mine stockpile	tonnes bauxite	15,500	16,400
Port stockpile at Bell Bay	tonnes bauxite	4,000	6,400
In transit by train	tonnes bauxite	0	2,500

\* Stored bauxite to be rescreened, mainly in Summer

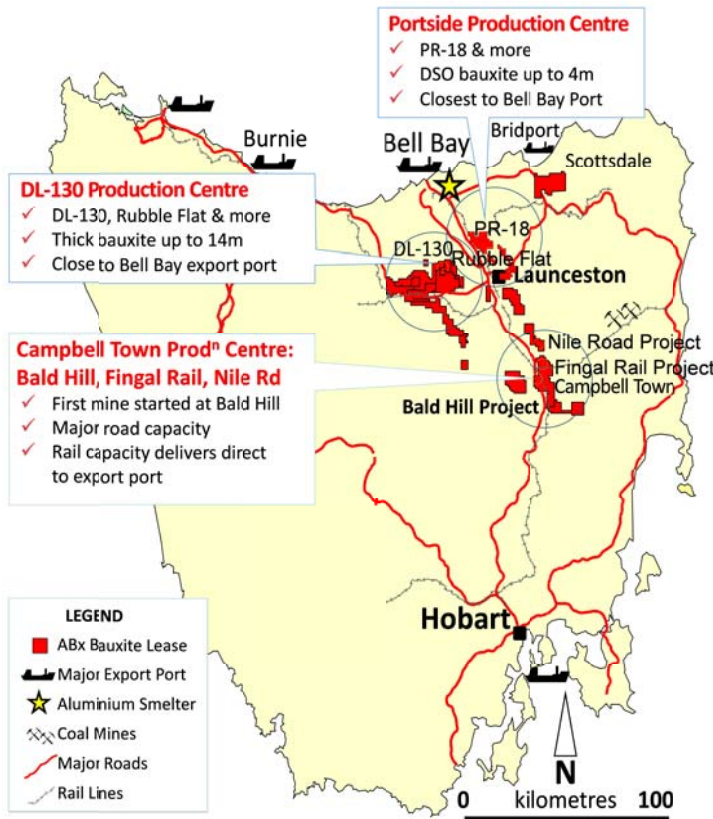


Figure 1

Location of Bald Hill Project, 3 Bauxite Production Centres (Campbell Town, DL-130 & Portside), development prospects & Tasmanian infrastructure



Figure 2

Bald Hill Project



Figure 3: Bald Hill mining – simple free-dig benching, stockpiling and feeding to screens



Figure 4: Bald Hill screening – simple dry screening using “Big Red” and “Li’l Red” Screening plants in tandem in Winter

**Transport to Port – all transport and port loading components in place**



Figure 5: Bald Hill load-out – bauxite product trucked in B-double loads to Conara rail siding by TasRail

Note: containers are used for road-rail transport only and eliminate product degradation in transit to the stockpile at Bell Bay port for bulk shipping



Figure 6: TasRail haulage to Bell Bay Port



Port equipment and stevedoring services provided by QUBE Ports

Figure 7: Rail load-out onto bulk stockpile at Bell Bay Port. Tipper load out device now commissioned



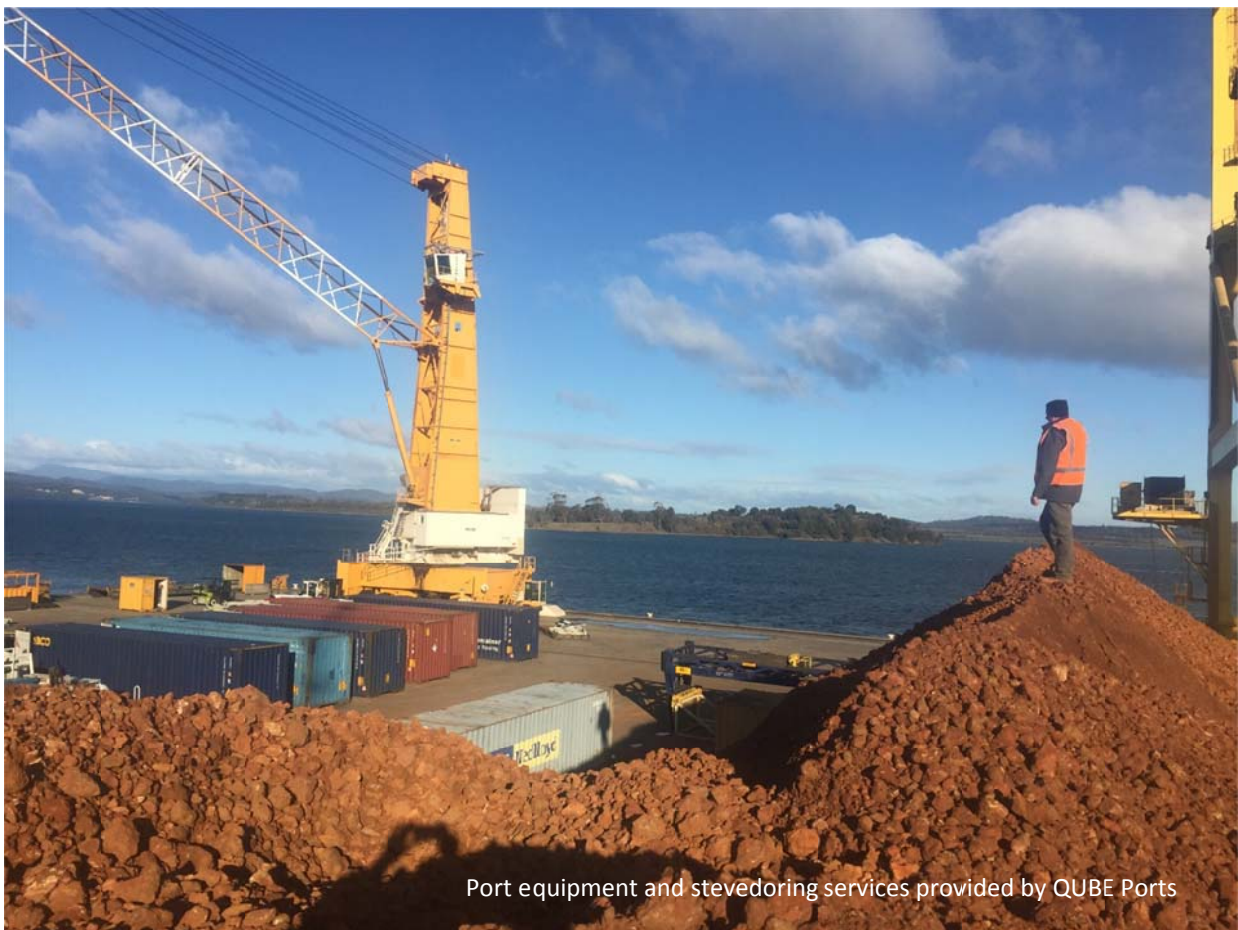
Port equipment and stevedoring services provided by QUBE Ports

Figure 8: Ship loader used to load onto the port stockpile at Bell Bay Port



Port equipment and stevedoring services provided by QUBE Ports

Figure 9: Ship loader has ample air draft height to load the port stockpile at Bell Bay Port to optimum height



Port equipment and stevedoring services provided by QUBE Ports

Figure 10: The ABx bauxite stockpile at Bell Bay is partly surrounded by empty containers, some of which are placed as wind barriers to minimise dust. Ship loading and shipping is to be done in bulk – not in containers.



Figure 11 Overview of bauxite stockpile at Berth 5, Bell Bay Port

## Exploration

As reported in the latest Quarterly Report, in addition to this production, further exploration in Tasmania has allowed ABx to announce in May 2015 a discovery of bauxite ore sourced from high-grade drillhole results at PR-18 bauxite deposit located close to Bell Bay port. This new area has been named “Portside” for a further production centre, most probably being the third production centre after ABx’s operating Bald Hill mine in the Campbell Town production centre and the DL-130 production centre west of Launceston. The initial bauxite resources at Campbell Town production centre totals 3.5 million tonnes with total bauxite resources in all regions of Tasmania totalling 9.2 million tonnes. A drilling program for DL-130 Production Centre was completed & revised resource estimation is in progress. A newly identified high grade extension at Rubble Flat will require more exploration drilling.

ABx has been conducting early stage exploration in the Binjour region of central Queensland and is awaiting assay results. ABx considers the Binjour bauxite project to be its largest project.

Nationally, ABx has announced bauxite resources of 119 million tonnes with all tenements in good standing & 100% owned.

## Marketing

### Offtake concluded

ABx has been offered an acceptable long-term offtake agreement with the preferred customer and is now assembling a cargo of specific specification to meet the final end-users requirements. This quality assurance and close coordination with our preferred customer will be the cornerstone of the marketing strategy for all ABx bauxite.

### Timing is crucial part of marketing strategy

The maiden shipment will also be timed to arrive at the customers’ ports at the optimum time to maximise the benefits for the customer of ABx’s excellent blending properties as a blend with bauxite from another source.

Current target dates for the maiden shipment are late September or early October to correspond with bauxite from another source that will be consolidated with ABx bauxite.

### Working capital arrangements well advanced

Advanced payment methods are part of this offtake arrangement so as to fund working capital for ABx as production rates increase over the rest of 2015, especially during Summer months when ABx will accumulate its largest product stockpiles to ensure shipping can continue during Winters.

Working capital arrangements, including sales contracts, letters of credit and due diligence are proceeding satisfactorily and on schedule.



**Bauxite Market to 31 July 2015**

**China Bauxite Imports Solid; Indian Prices Strong, Malaysian Prices Stable**

- Tonnages imported increased to 5.062Mt in July – a 21.5% increase year to date.
- Average prices CIF China firmed 1.1% to US\$52.59/t & firmed 6.5% to A\$72/t despite cheap Malaysian bauxite reducing the average CIF prices. July was a month of market consolidation.
- Indian bauxite price (ABx’s benchmark) rose 1.9% to US\$60.43/t & rose by 7.3% in A\$ terms to A\$82.85/t.

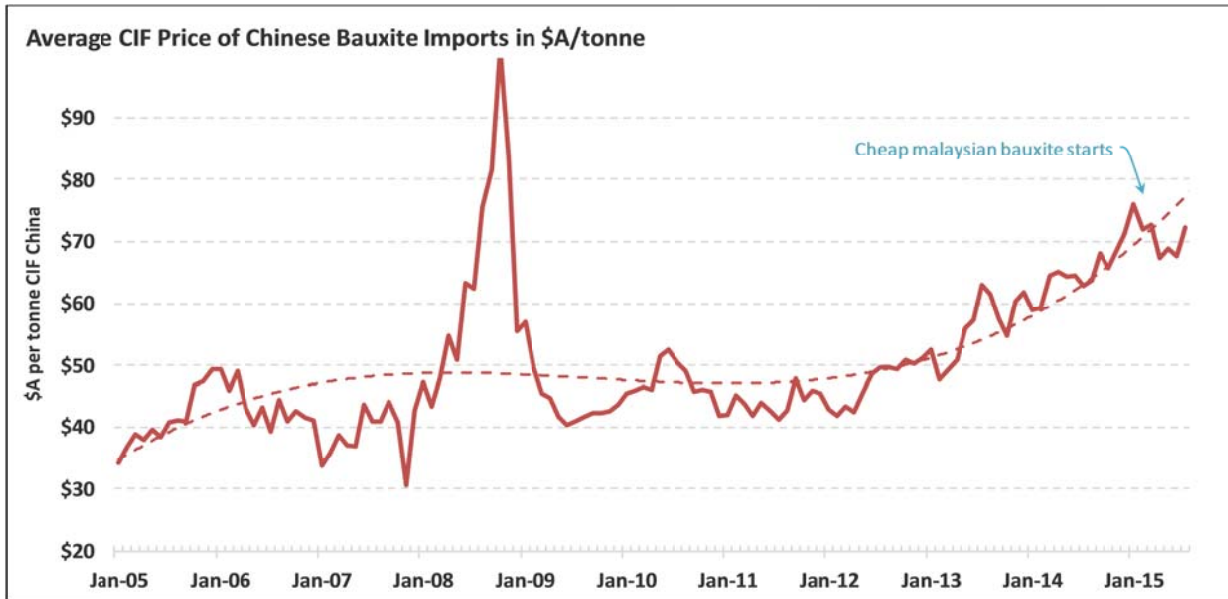


Figure 12: Bauxite prices 2005 to 31 July 2015 in A\$/tonne CIF China *Source: C&M, China Customs, Bloomberg & RBA fx rates*

**Indonesian** bauxite bans continue and compromise is starting much slower than predicted by ABx.

**Australia:** Rio sold a record 1.9Mt in July and prices stayed steady at US\$55.36/t.

**Indian bauxite** average prices rose 1.9% to US\$60.43/t – a benchmark reference price for ABx bauxite in 2015-16. India will reduce export of low silica gibbsite-trihydrate and increase export taxes. In A\$ terms, Indian bauxite prices rose 7.3% to A\$82.85/t at Fx rate 72.94 cents – see Figure 13 below.

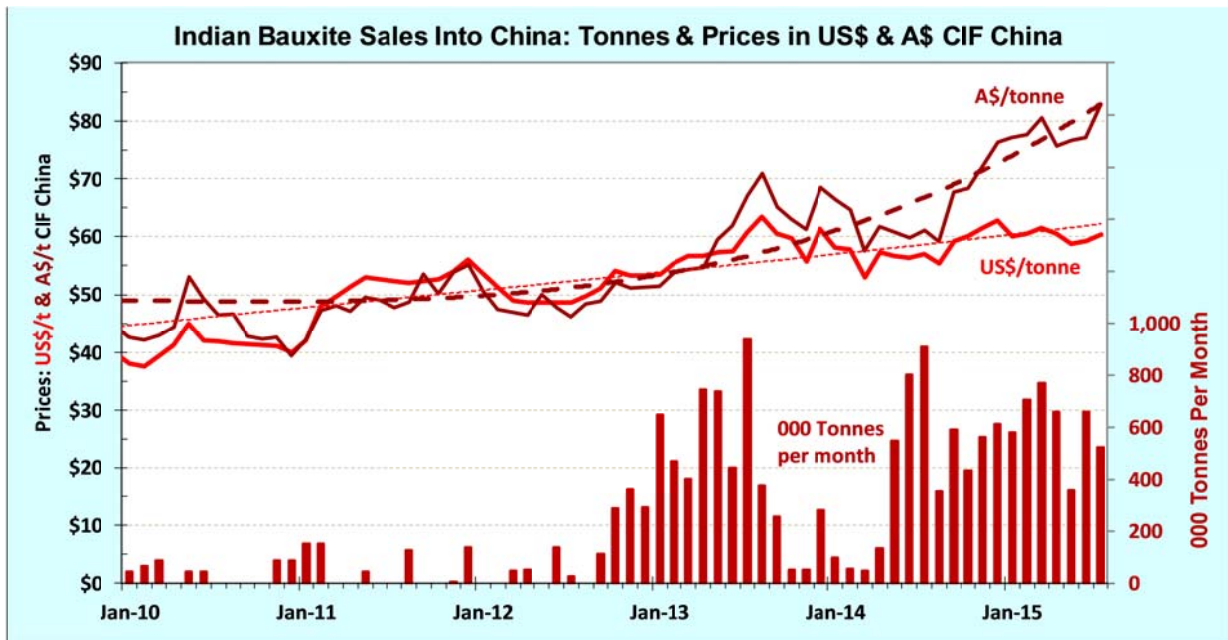


Figure 13: Indian Bauxite prices 2010 to 31 July 2015 *Source: C&M, China Customs, Bloomberg & RBA fx rates*

Malaysian supplies flooded into China but some Chinese refineries now seek blending quality bauxite to offset the resulting processing problems. Cheap Malaysian supplies depressed average bauxite prices, but Australian and Indian bauxite prices remain firm (eg. Indian prices as shown in Figure 13 above).

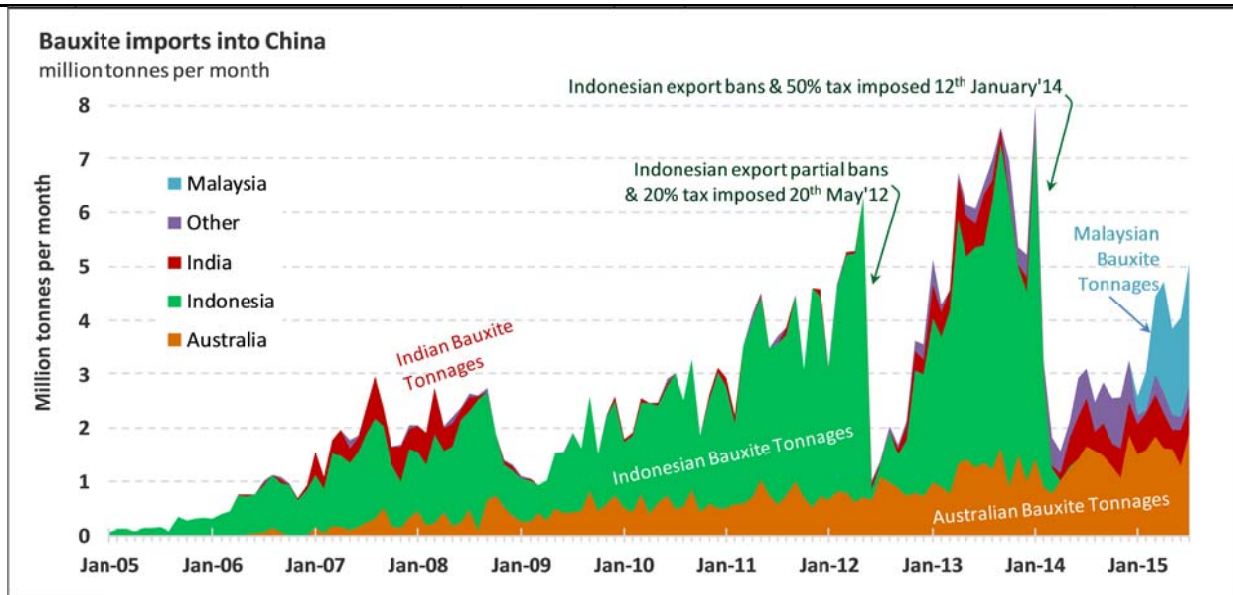


Figure 14: Chinese Imported Bauxite Tonnages 2005 to 31 July 2015

Source: C&amp;M, China Customs, Bloomberg

### Gibbsite Bauxite Demand Has Tightened Most – Technical Explanations

Gibbsite-rich trihydrate bauxite like Indonesian, Indian, Gove and ABx bauxite, is premium-priced because it is “low-temperature” gibbsite-rich bauxite, often called THA or trihydrate bauxite. By comparison, other bauxite is high-temperature, boehmite-rich bauxite, often called MHA monohydrate bauxite which dissolves at 240°C and Chinese domestic bauxite is exceptionally refractory MHA monohydrate bauxite that contains the diaspore mineral which can only be processed in very high temperature refineries at 250-300°C.

Low-temperature refineries must use gibbsite-rich, THA trihydrate bauxite to achieve the cost benefits of the low-temperature refining process at 140-150°C.

ABx bauxite is also valued for its low SiO<sub>2</sub> – a major contaminant problem for many bauxite suppliers which consumes substantial amounts of caustic soda and causes other processing problems. Clay contributes the harmful SiO<sub>2</sub>. ABx bauxite is “clean” - free of radioactivity, CaO and all other deleterious elements. This and its excellent processing characteristics makes it ideal for blending.

### Supply-Demand Balance Favours Gibbsite Bauxite

China’s largest alumina refineries are low-temperature types of refineries which initially relied on imports of low-temperature gibbsite bauxite from Indonesia. In 2013 China imported 72 million tonnes of bauxite, of which 49 million tonnes or 68% came from Indonesia. Indonesian bauxite exports ceased in January’14. In 2014-15, China imported only 39 million tonnes (nil from Indonesia), but needs more than 65 million tonnes of imported bauxite per year, rising even higher to more than 75 million tonnes in the next 5 years to feed its rapidly growing aluminium industry. Many new sources of supply are needed.

Chinese buyers want alternative suppliers and Australia is the logical country for new suppliers. ABx is assembling its maiden shipment of trihydrate gibbsite bauxite from Bell Bay Tasmania and has selected its long-term customer. ABx has instituted a rigorous quality-control procedure to deliver guaranteed quality. Australian Bauxite Limited plans to ship low temperature, gibbsite bauxite with low SiO<sub>2</sub> from its Tasmanian mines and eventually building a very large bauxite project at Binjour in central QLD, 115kms inland from Bundaberg.

ABx aspires to become the third largest single supplier of bauxite into China and will possibly also sell into India, the Middle East and Australia over the next 6 years, specialising in the gibbsite-rich trihydrate bauxite market niche.

ABx’s emergence will help make Australia a reliable supplier of all types of bauxite for the seaborne bauxite trade in the Pacific Basin. ABx will differentiate itself as an all-year round consistent supplier of clean gibbsite trihydrate bauxite that can improve the blend with all other bauxites.

### Resource Statement and Qualifying Statement

Tabulated below are the Mineral Resources for each ABx Project. The initial ASX disclosure for these Resources is given in the footnotes to the table. Refer to these announcements for full details of resource estimation methodology and attributions.

#### ABx JORC Compliant Resource Estimates

Region	Resource Category	Million Tonnes	Thick-ness	Al <sub>2</sub> O <sub>3</sub>	SiO <sub>2</sub>	A/S	Fe <sub>2</sub> O <sub>3</sub>	TiO <sub>2</sub>	LOI	Al <sub>2</sub> O <sub>3</sub> Avl @ 143°C	Rx SiO <sub>2</sub>	Avl/Rx	Lab Yield	O'Bur den	Int. Waste
				%	%	ratio	%	%	%	%	%	%	ratio	%	m
CAMPBELL TOWN AREA TASMANIA <sup>7</sup>	Inferred	1.8	3.0	42.6	3.5	12	25.4	3.5	24.6	36.7	3.0	12	50	2.1	0.1
	Indicated	1.7	3.2	42.5	3.2	14	26.4	3.0	24.5	36.2	2.8	14	55	1.8	0.1
	Total	3.5	3.1	42.5	3.3	13	25.9	3.3	24.5	36.5	2.9	13	52	2.0	0.1
DL-130 AREA TAS <sup>1</sup>	Inferred	5.7	3.8	44.1	4.3	10	22.8	3.1	25.0	37.6	3.2	12	55	1.5	0.1
	Total Tas	9.2	3.5	43.5	3.9	11	24.0	3.2	24.8	37.2	3.1	12	54	1.7	0.1
BINJOUR QLD <sup>2</sup>	Inferred	9.0	3.9	43.7	4.5	10	22.4	3.6	24.2	38.0	3.8	10	59	8.2	0.3
	DSO Indicated	15.5	5.3	44.2	3.1	15	23.4	3.7	24.9	39.5	2.6	15	62	9.4	0.3
	Total	24.5	4.8	44.1	3.6	12	23.1	3.7	24.6	39.0	3.0	13	61	8.9	0.3
TOONDOON QLD <sup>3</sup>	Inferred	3.5	4.9	40.2	7.2	6	25.3	4.9	21.7	32.8	5.2	6	67	1.5	0.0
TARALGA S. NSW <sup>4</sup>	Inferred	9.9	3.1	40.4	5.7	7	24.6	4.1	22.2	35.2	1.9	18	54	0.1	0.2
	Indicated	10.2	3.7	41.3	5.3	8	25.9	4.0	22.9	36.1	1.9	19	55	0.7	0.4
	Total	20.1	5.6	40.8	5.5	7	25.3	4.0	22.6	35.7	1.9	19	55	0.5	0.3
PDM-DSO*	Inferred	7.6	2.5	37.0	6.0	6	38.4	3.5	13.3	22.1*	1.3	17	72	0.2	0.1
	Indicated	10.3	3.1	37.6	3.9	10	40.4	3.7	13.5	22.4*	1.1	20	71	0.7	0.4
	Total	17.8	5.8	37.3	4.8	8	39.6	3.6	13.5	22.3*	1.2	18	72	0.5	0.3
Total Taralga	37.9	5.7	39.2	5.2	8	32.0	3.8	18.3	35.4	1.6	23	63	0.5	0.3	
INVERELL N. NSW <sup>5</sup>	Inferred	17.5	4.7	39.8	4.8	8	27.7	4.3	22.2	31.0	4.2	7	61	2.3	
	Indicated	20.5	4.8	40.6	4.7	9	26.9	4.1	22.5	32.0	4.0	8	60	2.4	
	Total	38.0	4.8	40.2	4.7	9	27.3	4.2	22.4	31.6	4.1	8	61	2.4	
GUYRA N. NSW <sup>6</sup>	Inferred	2.3	4.2	41.4	3.6	12	26.2	3.3	24.6	35.0	2.8	13	56	3.4	
	Indicated	3.8	5.9	43.1	2.6	16	27.3	3.9	24.5	37.4	2.0	18	61	4.4	
	Total	6.0	5.3	42.5	3.0	14	26.9	3.7	24.5	36.5	2.3	16	59	4.0	

**GRAND TOTAL ALL AREAS 119.1**

\* PDM is Al<sub>2</sub>O<sub>3</sub> spinel. Al<sub>2</sub>O<sub>3</sub> Avl at 225°C is >35%

Explanations: All resources 100% owned & unencumbered. Resource tonnage estimates are quoted as in-situ, pre mined tonnages. All assaying done at NATA-registered ALS Laboratories, Brisbane. Chemical definitions: Leach conditions to measure available alumina "Al<sub>2</sub>O<sub>3</sub> Avl" & reactive silica "Rx SiO<sub>2</sub>" is 1g leached in 10ml of 90gpl NaOH at 143°C for 30 minutes. LOI = loss on ignition at 1000°C. "Avl/Rx" ratio is (Al<sub>2</sub>O<sub>3</sub> Avl)/(Rx SiO<sub>2</sub>) and "A/S" ratio is Al<sub>2</sub>O<sub>3</sub>/SiO<sub>2</sub>. Values above 6 are good, above 10 are excellent. Tonnage is for bauxite in-situ. Lab Yield is for drill dust samples screened by ALS lab at 0.26mm. Production yields are not directly related and are typically between 60% and 75%. Tonnages requiring no upgrade will have 100% yield. Resource estimates exclude large tonnages of potential extensions, overburden & interburden detrital bauxite and underlying transitional bauxite mineralisation. Production will clarify these materials.

Tabulated Resource numbers have been rounded for reporting purposes. The Company conducts regular reviews of these Resources and Reserve estimates and updates as a result of material changes to input parameters such as geology, drilling data and financial metrics. **Global Mineral Resources declared to 24/03/2015 total 119.1 million tonnes.** Explanatory notes and prior resource statements are summarised as follows:

Avl Al<sub>2</sub>O<sub>3</sub> = available Al<sub>2</sub>O<sub>3</sub> at 143°C Rx = reactive SiO<sub>2</sub> Avl/Rx = available alumina to reactive silica ratio, A/S = alumina/silica ratio, LOI = loss on ignition, OB = overburden, Int W = internal waste, DSO = Direct Shipping Bauxite, PDM = poorly diffracting material (under XRD), Lab Yield = wet screen yield from drill dust  
The information above relates to Mineral Resources previously reported according to the JORC Code (see Competent Person Statement) as follows:

- <sup>1</sup> Maiden Tasmania Mineral Resource, 5.7 million tonnes announced on 08/11/2012
- <sup>2</sup> Binjour Mineral Resource, 24.5 million tonnes announced on 29/06/2012
- <sup>3</sup> QLD Mining Lease 80126 Maiden Resource, 3.5 million tonnes announced on 03/12/2012
- <sup>4</sup> Goulburn Taralga Bauxite Resource Increased by 50% to 37.9 million tonnes announced on 31/05/2012
- <sup>5</sup>

## Qualifying Statements

With respect to Exploration Results:

The information is extracted from the following reports entitled:

29 January 2015	Quarterly report
19 March 2015	Operational Update
24 March 2015	Initial resources for first Tasmanian mine centre
30 April 2015	Quarterly report
28 May 2015	Discovery of New Portside Bauxite Tasmania
15 July 2015	Bell Bay Port Stockpile Building for First Shipment

which are available to view on [www.australianbauxite.com.au/Media.htm](http://www.australianbauxite.com.au/Media.htm). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

### General

The information in this report that relate to Exploration Information and Mineral Resources are based on information compiled by Jacob Rebek and Ian Levy who are members of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Rebek and Mr Levy are qualified geologists and Mr Levy is a director of Australian Bauxite Limited.

### Mainland

The information relating to Mineral Resources on the Mainland was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Mr Rebek and Mr Levy have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of exploration Results, Mineral Resources and Ore Reserves. Mr Rebek and Mr Levy have consented in writing to the inclusion in this report of the Exploration Information in the form and context in which it appears.

### Tasmania

The information relating to Exploration Information and Mineral Resources in Tasmania has been prepared or updated under the JORC Code 2012.

**Mr Rebek and Mr Levy have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are 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 Rebek and Mr Levy have consented in writing to the inclusion in this report of the Exploration Information in the form and context in which it appears.**

*which are available to view on [www.australianbauxite.com.au/Media.htm](http://www.australianbauxite.com.au/Media.htm). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.*

The information in this announcement that relate to Exploration Information and Mineral Resources are based on information compiled by Jacob Rebek and Ian Levy who are members of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Rebek and Mr Levy are qualified geologists and Mr Levy is a director of Australian Bauxite Limited.

**Mr Rebek and Mr Levy have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are 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 Resources. Mr Rebek and Mr Levy have consented to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.**

## DIRECTORS' REPORT

Your directors present their report together with the financial statements of the parent entity and the consolidated entity (referred to hereafter as the **Group**) consisting of Australian Bauxite Limited (the **Company**) and the entities it controlled at the end of or during the period ended 30 June 2014 and the Auditor's Review Report thereon.

<b>Principal activities</b>	The principal continuing activities of the Group during the reporting period were conducting the bauxite exploration and development programs.
<b>Financial performance</b>	The net consolidated loss of the Group for the six months ended 30 June 2015 was \$975,219 (2014: Loss \$1,640,635)  Cash holding of the Group at 30 June 2015 was \$2.95 million. The Group will have sufficient cash reserves to fund its current exploration and development programs.
<b>Review of operations</b>	Information on the operations and financial position of the Group and its business strategies and prospects are set out in the Review of Operations on pages 3 to 12 of this report.
<b>Dividends</b>	The Directors of the Company do not recommend that any amount be paid by way of dividend. The Company has not paid or declared any amount by way of dividend since the commencement of the financial year.

### Directors

The following persons were directors of Australian Bauxite Limited during the whole of the period and up to the date of this report, unless otherwise stated:

Paul Lennon	Non-Executive Chairman
Ian Levy	Managing Director / CEO
Ken Boundy	Non-Executive Director

### Subsequent Events

At the date of this report there are no matters or circumstances which have arisen since 30 June 2015 that have significantly affected or may significantly affect:

- the operations, in financial half-year subsequent to 30 June 2015, of the Group;
- the results of those operations; or
- the state of affairs, in financial half-year subsequent to 30 June 2015, of the Group.

### Environmental Regulations

The Group is subject to significant environmental regulation in respect of its exploration activities as follows:

- The Company's operations in the State of Queensland involve drilling operations. These operations are governed by the *Environmental Protection Act (1994)*.
- The Company's operations in the State of NSW involve exploration activities. These operations are governed by the *Environment Planning and Assessment Act 1979*.
- The Company's operations in the State of Tasmania involve drilling operations. These operations are governed by the *Environmental Management and Pollution Control Act 1994*.
- The Company operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers.
- The Company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are mindful of the regulatory regime in relation to the impact of the Company's activities on the environment.
- To the best of the directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

## Directors' Report (continued)

### Environmental Code of Practice for Bauxite Mineral Exploration, adopted 1 March 2010

The Company is committed to conducting its exploration programs by following industry best practice in accordance with published government guidelines and codes.

The following policy is specific to bauxite exploration on the Company's east Australian bauxite province.

#### Access to Land

Prior to the commencement of any work, the Company makes contact with landholders /leaseholders and discusses the general aims and types of work likely to be conducted.

Discussion with landowners, leaseholders and Native Title Claimants is ongoing. It commences prior to any work being conducted and continues throughout the program and beyond the cessation of exploration work.

The Company establishes conditions of access with landholders and where practicable, signs a written access agreement that sets out conditions and includes a schedule of agreed compensation payments.

The Company endeavours to provide landholders with ample warning prior to commencing any work and landholders are kept informed upon commencement, during and upon completion of an exploration program.

#### Type of Land

The type of land is determined and its inhabitants are assessed to identify areas of particular environmental concern including identification of sensitive areas or areas prone to erosion, water catchment, heritage sites, and areas home to vulnerable and endangered species.

Land use is taken into consideration and land under cultivation is not disturbed without the express consent of the landholder.

### Mineral Exploration Programs

#### Access

The Company utilises existing tracks for access where possible. Climatic conditions are considered when assessing areas to avoid access during extreme conditions such as during bush fire risk during hot, windy conditions and damage to tracks after heavy rain. Surface disturbances are kept to a minimum.

#### Drilling

Drilling programs include rehabilitation and where possible holes are positioned in areas requiring little or no clearing. Small, manoeuvrable drill rigs are used to minimise the need for track clearing and to reduce ground compaction. Where required, topsoil is removed and stored separately so that it can be replaced during rehabilitation of the site. Ground sheets are used where required to avoid oil/fuel spills contaminating the soil.

#### Rehabilitation

Drill sites are rehabilitated as soon as practicable and drill holes are filled and capped where necessary.

Landholders are asked to confirm at the end of each program that exploration has been conducted to their satisfaction and that sites have been rehabilitated.

## Directors' Report (continued)

## TENEMENT LIST (as at 31 July 2015)

Application No	Licence No	Project	Status	Date Granted	Expiry Date	Area (sq km)	Minimum Annual Expenditure (\$AUD)	
<b>ABx1 Pty Ltd</b>							<b>New South Wales</b>	
	EL 6997	Inverell	Renewal Pending	24-Dec-07	24-Dec-14	297	\$64,500	
	EL 7361	Guyra	Granted	17-Jul-09	17-Jul-16	138	\$38,000	
	EL 7597	Merriwa - 2	Granted	18-Aug-10	18-Aug-17	159	\$41,500	
	EL 7858	Stannifer	Granted	02-Nov-11	02-Nov-15	147	\$39,500	
	EL 7950	Merriwa Extension	Granted	21-Jun-12	21-Jun-16	108	\$33,000	
	EL 8097	Coolah	Granted	03-Jun-13	03-Jun-16	219	\$28,250	
	EL 8130	Old Mill	Granted	08-Jul-13	08-Jul-16	201	\$26,750	
						<b>Total</b>	<b>1269</b>	<b>\$271,500</b>
<b>ABx2 Pty Ltd</b>								
	EL 7269	Windellama	Granted	23-Dec-08	23-Dec-16	51	\$24,000	
	EL 7279	Wingello West	Granted	30-Jan-09	30-Jan-16	21	\$18,500	
	EL 7357	Taralga	Granted	01-Jul-09	01-Jul-16	246	\$56,000	
	EL 7546	Penrose	Granted	11-May-10	11-May-16	18	\$18,000	
	EL 7681	Taralga Extension	Granted	11-Jan-11	11-Jan-16	111	\$65,000	
	EL 8370	Penrose Forest	Granted	06-May-15	06-May-18	129	\$14,083	
						<b>Total</b>	<b>576</b>	<b>\$195,583</b>
<b>ABx3 Pty Ltd</b>							<b>Queensland</b>	
	ML 80126	Toondoon ML	Granted	24-Nov-05	30-Nov-30			
	EPM 17830	Haden	Granted	25-Feb-09	24-Feb-16	24	\$12,000	
	EPM 17831	Hillgrove	Granted	25-Feb-09	24-Feb-16	18	\$9,000	
	EPM 17790	Hampton	Granted	28-Apr-09	27-Apr-17	42	\$21,000	
	EPM 18014	Binjour	Granted	09-Oct-09	08-Oct-18	126	\$120,000	
	EPM 18772	Binjour Extension	Granted	31-Jan-11	30-Jan-18	42	\$21,000	
	EPM 19390	Brovinia	Granted	02-Oct-13	01-Oct-15	147	\$49,000	
	EPM 25146	Toondoon EPM	Granted	07-Jan-14	06-Jan-17	9	\$4,500	
	EPM 25787	Harrami	Granted	08-Apr-15	08-Apr-18	81	\$40,500	
	EPM 19427	Brovinia 2	Granted	28-Jul-15	28-Jul-20	39	\$25,000	
						<b>Total QLD</b>	<b>528</b>	<b>\$302,000</b>
<b>ABx4 Pty Ltd</b>							<b>Tasmania</b>	
	EL 4/2010	Evandale	Granted	14-Sep-10	13-Sep-15	83	\$35,000	
	EL 6/2010	Cleveland	Granted	14-Sep-10	13-Sep-15	34	\$10,000	
	EL 7/2010	Conara	Granted	14-Sep-10	13-Sep-15	154	\$35,000	
	EL 9/2010	Deloraine	Granted	14-Sep-10	13-Sep-15	168	\$35,000	
	EL 37/2010	Westbury	Granted	07-Nov-11	06-Nov-16	107	\$25,000	
	EL 3/2012	Ross	Granted	11-Sep-12	10-Sep-17	103	\$100,000	
	EL 12/2012	Scottsdale	Granted	12-Dec-12	11-Dec-17	82	\$75,500	
	EL 16/2012	Reedy Marsh	Granted	16-Jun-13	15-Jun-18	109	\$30,000	
	EL 18/2014	Prossers Road	Granted	02-Dec-14	01-Dec-19	135	\$34,750	
	ML 1961P/M	Bald Hill	Granted	19-Sep-14	21-Oct-23			
						<b>Total TAS</b>	<b>975</b>	<b>\$380,250</b>
						<b>TOTAL</b>	<b>3348</b>	<b>\$1,149,333</b>

\*As at 31 July 2015

\*\*Pink fill denotes that the respective ABx subsidiary MANAGES the licence but does not HOLD it.

## Directors' Report (continued)

### Auditor's Independence Declaration

A copy of the independence declaration by the auditor K.S. Black and Co. under section 307C is included on page 17 of this half year financial report.

Signed in accordance with a resolution of the Directors:



**Ian Levy**  
Managing Director



**Paul Lennon**  
Director

Sydney  
27 August 2015



Level 6, 350 Kent Street  
Sydney NSW 2000

87- 89 Lyons Road  
Drummoyne NSW 2047

**KS Black & Co**

Chartered Accountants

ABN: 57 446 398 808

20 Grose Street  
North Parramatta NSW 2151

PO Box 2210  
Parramatta NSW 1750

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

I declare that, to the best of my knowledge and belief during the half-year ended 30 June, 2015 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.

**KS Black & Co**  
Chartered Accountants



**Phillip Miller**  
Partner

Sydney, 27 August 2015

Level 6, 350 Kent Street  
Sydney NSW 2000

87- 89 Lyons Road  
Drummoyne NSW 2047

**KS Black & Co**

20 Grose Street  
North Parramatta NSW 2151

PO Box 2210  
Parramatta NSW 1750

**Chartered Accountants**

ABN: 57 446 398 808

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
AUSTRALIAN BAUXITE LIMITED ABN 14 139 494 885  
AND CONTROLLED ENTITIES**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year consolidated financial report of Australian Bauxite Limited and controlled entities (the consolidated entity) which comprises the consolidated statement of financial position as at 30 June, 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, the accounting policies and other selected explanatory notes and the directors' declaration.

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

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

***Auditor's Responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review engagements ASRE 2410: Review of an Interim Financial Report Performed by the Independent Auditor of the Entity in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 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 Australian Bauxite Limited and controlled entities, 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 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.

## ***Matters Relating to the Electronic Presentation of the Audited Financial Report***

This review report relates to the financial report of the consolidated entity for the half-year ended 30 June 2015 included on the website of Australian Bauxite Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

### ***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, provided to the directors of Australian Bauxite Limited and controlled entities on 27 August 2015, would be in the same terms if provided to the directors as at the date of this auditor's review report.

### ***Conclusions***

Based on our review, which is not an audit, we have not become aware of any matter other than as noted above that makes us believe that the half-year financial report of Australian Bauxite Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and
- complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

**KS Black & Co**  
**Chartered Accountants**



**Phillip Miller**  
**Partner**

Sydney, 27 August 2015

## DECLARATION BY DIRECTORS

The Directors of the Company declare that:

1. The financial statements and notes, set out on pages 21 to 34, are in accordance with the *Corporations Act 2001*, and:
  - i give a true and fair view of the financial position of the consolidated entity as at 30 June 2015 and of its performance for the half-year ended on that date; and
  - ii comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
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.

Signed in accordance with a resolution of the Directors:



**Ian Levy**  
Managing Director



**Paul Lennon**  
Chairman

Sydney  
27 August, 2015

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
for the Half-Year Ended 30 June 2015

	Notes	Consolidated	
		Half-year ended 30 Jun 2015 \$	Half-year ended 30 Jun 2014 \$
<b>REVENUE</b>			
Other income	3	911,098	406,847
Administration and exploration expenses	3	(1,813,766)	(1,621,112)
Finance expenses	3	(72,551)	(426,370)
<b>PROFIT/(LOSS) FROM OPERATIONS BEFORE INCOME TAX</b>		<b>(975,219)</b>	<b>(1,640,635)</b>
Income tax expense		-	-
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>		<b>(975,219)</b>	<b>(1,640,635)</b>
<b>Other comprehensive income</b>			
Other comprehensive income before income tax		-	-
Income tax expenses		-	-
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>(975,219)</b>	<b>(1,640,635)</b>
Profit attributable to non-controlling interests		-	-
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY</b>		<b>(975,219)</b>	<b>(1,640,635)</b>
<b>EARNINGS PER SHARE</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings/(losses) per share (cents per share)		<b>(0.69)</b>	(1.32)
Diluted earnings/(losses) per share (cents per share)		<b>(0.69)</b>	(1.30)

This Statement of Profit or Loss and other Comprehensive Income is to be read in conjunction with the notes to the interim financial report.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at 30 June 2015

	Notes	Consolidated Group	
		As at 30 Jun 2015 \$	As at 31 Dec 2014 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	2,952,970	4,710,110
Trade and other receivables		142,913	135,408
Other current assets		69,504	11,613
<b>Total current assets</b>		<b>3,165,387</b>	<b>4,857,131</b>
<b>Non-current assets</b>			
Trade and other receivables		100,721	113,952
Plant and equipment		15,195	30,446
Mining tenements	5	14,700,018	13,526,255
Financial assets		-	15,000
<b>Total non-current assets</b>		<b>14,815,934</b>	<b>13,685,653</b>
<b>Total Assets</b>		<b>17,981,321</b>	<b>18,542,784</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		554,601	642,051
Employee benefits provision		114,965	78,040
Other Liabilities		9,135	11,800
<b>Total current liabilities</b>		<b>678,701</b>	<b>731,891</b>
<b>Non-current liabilities</b>			
Employee benefits provision		70,145	58,199
Provision other		435,000	-
<b>Total non-current liabilities</b>		<b>505,145</b>	<b>58,199</b>
<b>Total Liabilities</b>		<b>1,183,846</b>	<b>790,090</b>
<b>Net Assets</b>		<b>16,797,475</b>	<b>17,752,694</b>
<b>EQUITY</b>			
Issued capital	6	24,503,627	24,483,627
Reserves		593,250	593,250
Accumulated losses		(8,299,402)	(7,324,183)
<b>Total Equity</b>		<b>16,797,475</b>	<b>17,752,694</b>

This Statement of Financial Position is to be read in conjunction with the notes to the interim financial report.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the Half-Year Ended 30 June 2015

	Notes	Issued Capital \$	Options Reserve \$	Accumulated Losses \$	Total Equity \$
<b>Consolidated</b>					
<b>At 31 December 2013</b>		19,755,679	593,250	(4,838,460)	15,510,469
Share placement		1,656,952	-	-	1,656,952
Share issuing costs		(42,777)	-	-	(42,777)
Loss for the period		-	-	(1,640,635)	(1,640,635)
<b>At 30 June 2014</b>		21,369,854	593,250	(6,479,095)	15,484,009
<b>At 30 June 2014</b>		21,369,854	593,250	(6,479,095)	15,484,009
Share placement		3,760,000	-	-	3,760,000
Share issuing costs		(646,227)	-	-	(646,227)
Loss for the period		-	-	(845,088)	(845,088)
<b>At 31 December 2014</b>	6	24,483,627	593,250	(7,324,183)	17,752,694
<b>At 31 December 2014</b>		24,483,627	593,250	(7,324,183)	17,752,694
Share placement – received		20,000	-	-	20,000
Loss for the period		-	-	(975,219)	(975,219)
<b>At 30 June 2015</b>	6	24,503,627	593,250	(8,299,402)	16,797,475

This Statement of Changes in Equity is to be read in conjunction with the notes to the interim financial report.

**CONSOLIDATED STATEMENT OF CASH FLOW**

for the Half-Year Ended 30 June 2015

	Notes	Consolidated	
		Half-year ended 30 Jun 2015	Half-year ended 30 Jun 2014
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		77,178	28,965
Costs recovery		807,313	-
Payment for exploration and development expenditures		(2,001,987)	(671,764)
Payments for administration expenses		(659,644)	(314,928)
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>		<b>(1,777,140)</b>	<b>(957,727)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of tenements		-	-
Payments for plant and equipment		-	-
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from share issues/placements		20,000	1,999,252
Share issuing costs		-	(42,777)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>20,000</b>	<b>1,956,475</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(1,757,140)</b>	<b>998,748</b>
Cash and cash equivalents at the beginning of the reporting period		4,710,110	1,323,559
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD</b>	4	<b>2,952,970</b>	<b>2,322,307</b>

This Statement of Cash Flow is to be read in conjunction with the notes to the interim financial report.



## NOTES TO THE FINANCIAL STATEMENTS

for the Half-Year Ended 30 June 2015

### 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

#### Reporting Entity

Australian Bauxite Limited (the "**Company**") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 30 June 2015 comprises the Company and its controlled entities (together referred to as the "**consolidated entity**").

#### Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

#### Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the interim financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### (a) Basis of Preparation

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

##### *Statement of Compliance*

Compliance with Australian Accounting Standards ensures that the financial report of Australian Bauxite Limited complies with International Financial Reporting Standards ("IFRS").

##### *Critical to accounting estimates*

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Options valuation

Refer to Note for estimates and assumptions used to calculate the valuation of options.

##### *Critical judgements*

Management have made the following judgements when applying the Group's accounting policies:

(i) Capitalisation of exploration costs

The Group follows the guidance of AASB 6 Exploration for and Evaluation of Mineral Resources when determining if exploration costs incurred can be capitalised. This determination requires significant judgement. In making this judgement, the Group evaluates if any one of the following conditions is met:

- The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and

**NOTES TO THE FINANCIAL STATEMENTS continued****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

- Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

If one of the above conditions is met then the Group has made the judgement to capitalise the associated exploration expenses.

*Historical cost convention*

These financial statements have been prepared on an accruals basis and are based on the historical cost convention except where noted in these accounting policies.

*Material accounting policies*

The policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

**(b) Principles of consolidation***Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Australian Bauxite Limited ("parent entity") as at 30 June 2015 and the results of all subsidiaries for the period then ended.

Subsidiaries are all those entities over which the parent entity 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 parent entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the parent entity. They are de-consolidated from the date that control ceases.

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

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity entities 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 consolidated entity.

*Business Combination*

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or business under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent arrangement is also included, subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

**NOTES TO THE FINANCIAL STATEMENTS continued****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

*Goodwill*

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- The consideration transferred;
- Any non-controlling interest; and
- The acquisition date fair value of any previously held equity for a business combination plus the acquisition date fair value of any previously held equity holdings shall form the cost of the investment in the separate financial statements.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity holdings shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holding are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The purchase method of accounting is used to account for the acquisitions of subsidiaries by the Group.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposal of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

**(c) Segment reporting**

A business segment is 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 engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

**NOTES TO THE FINANCIAL STATEMENTS continued****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued****(d) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

*Interest Revenue*

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

*Other Income*

Income from other sources is recognised when proceeds or the fee in respect of other products or service provided is receivable.

**(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 income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**(f) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis except for the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**NOTES TO THE FINANCIAL STATEMENTS continued****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued****(g) Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and in at call deposits with banks or financial institutions, investment in money market instruments maturing within less than two months, net of bank overdrafts.

**(h) Trade and other receivables**

Trade receivables are recognised initially at original invoice amounts and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that entities in the Group will not be able to collect all amounts due according to the original terms of receivables.

**(i) Acquisition of assets**

The purchase method of accounting is used to account for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

**(j) Tenement exploration, evaluation and development costs**

Costs incurred in the exploration for, and evaluation of, tenements for suitable resources are carried forward as assets provided that one of the following conditions is met:

- the carrying values are expected to be justified through successful development and exploitation of the area of interest; or
- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.

Expenses failing to meet at least one of the aforementioned conditions are written off as incurred.

Costs associated with the commercial development of resources are deferred to future periods, provided they are, beyond any reasonable doubt, expected to be recoverable. These costs are amortized from the commencement of commercial production of the product to which they relate on a straight-line basis over the period of the expected benefit.

Costs associated with the development of resources are expensed as incurred if their recoverability is unlikely or unable to be determined.

**(k) Impairment of assets**

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 flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(l) 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 usually paid within 30 days of recognition.

**NOTES TO THE FINANCIAL STATEMENTS continued****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued****(m) Restoration and rehabilitation provisions**

Both for close down and restoration and for environmental clean-up costs from exploration programs, if any, a provision will be made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

**(n) Employee Benefits***(i) Wages, 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 reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*(ii) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

**(o) Share based payments**

Ownership-based remuneration is provided to employees via an employee share option plan.

Share-based compensation is recognised as an expense in respect of the services received, measured on a fair value basis.

The fair value of the options at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

**(p) Earnings per share (EPS)**

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for costs of servicing equity (other than dividends), the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

## NOTES TO THE FINANCIAL STATEMENTS Continued

## 3. REVENUE AND EXPENSES

## Specific Items

Profit/(loss) before income tax expense/(benefit) includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the consolidated entity:

	Consolidated	
	Half-year ended 30 Jun 2015	Half-year ended 30 Jun 2014
	\$	\$
<b>Other income</b>		
Interest income	103,785	59,562
Cost recovery and others	807,313	347,285
	911,098	406,847
<b>Administration and exploration expenses</b>		
Exploration and development costs not capitalised	1,218,977	1,024,773
Consultancy and professional fees	138,073	198,531
Director and employee expenses	164,211	150,040
Other administrative expenses	292,505	247,768
	1,813,766	1,621,112
<b>Finance expenses</b>		
Depreciation	15,252	16,320
Others	57,299	410,050
	72,551	426,370

## 4. CASH AND CASH EQUIVALENTS

	Consolidated	
	As at 30 Jun 2015	As at 31 Dec 2014
	\$	\$
Cash at bank and deposit	2,257,084	4,024,224
Cash held in trust – tenement guarantees and deposits	695,886	685,886
	2,952,970	4,710,110

## 5. MINING TENEMENT

	Consolidated	
	As at 30 June 2015	As at 31 Dec 2014
	\$	\$
Tenement interest and capitalised exploration expenditures	14,700,018	13,526,255

The ultimate recoupment of costs carried forward for exploration and evaluation assets is dependent on the successful development and commercial exploration or sale of the respective areas.

The carrying values of the exploration tenements are valued using the Exploration Expenditure Method and are limited to exploration expenditure incurred by the Company and its subsidiaries. Historical expenditure by other entities has not been included.

The Company regularly considers the commercial viability of its exploration tenements and reduces the area or relinquishes the exploration tenement where the commercial prospects are diminished.

## NOTES TO THE FINANCIAL STATEMENTS Continued

## 5. MINING TENEMENT continued

Application No	Licence No	Project	Status	Mining tenement \$
<b>ABx1 Pty Ltd</b>				
	EL 6997	Inverell	Renewal Pending	2,426,842
	EL 7361	Guyra	Granted	583,784
	EL 7597	Merriwa - 2	Granted	58,478
	EL 7858	Stannifer Merriwa	Granted	67,521
	EL 7950	Extension	Granted	20,681
	EL 8097	Coolah	Granted	35,784
	EL 8130	Old Mill	Granted	15,103
				<b>3,208,192</b>
<b>ABx2 Pty Ltd</b>				
	EL 7269	Windellama	Renewal Pending	336,338
	EL 7279	Wingello West	Granted	340,484
	EL 7357	Taralga	Granted	1,523,205
	EL 7546	Penrose	Granted	56,090
	EL 7681	Taralga Extension	Granted	430,432
	EL 7912	Taralga 3rd Ext	Granted	21,289
	EL 7986	Walla Mines** Wingello	Renewal Pending	-
	ELA 5141	Extended	Application	4,208
	ELA 4038			5,032
				<b>2,717,077</b>
<b>ABx3 Pty Ltd</b>				
	EPM 17830	Haden	Granted	192,435
	EPM 17831	Hillgrove	Granted	171,419
	EPM 17790	Hampton	Renewal Pending	328,752
	EPM 18014	Binjour	Granted	2,149,656
	EPM 18772	Binjour Extension	Granted	484,232
	EPM 19390	Brovinia	Granted	29,304
	EPM 25146	Toondoon	Granted	16,348
	ML 80126	Tondoon ML**	Granted	-
	EPMA 19427	Brovinia 2	Application	3,644
	EPMA 25787	Harrami	Application	8,286
				<b>3,384,076</b>
<b>ABx4 Pty Ltd</b>				
	EL 4/2010	Evandale	Granted	76,755
	EL 6/2010	Cleveland	Granted	177,336
	EL 7/2010	Conara	Granted	2,682,464
	EL 9/2010	Deloraine	Granted	960,564
	EL 37/2010	Westbury	Granted	286,857
	EL 3/2012	Ross	Granted	80,728
	EL 12/2012	Scottsdale	Granted	184,773
	EL 16/2012	Reedy Marsh	Granted	493,302
	EL 18/2014	Prossers Road	Granted	139,492
	ML 1961P/M	Bald Hill	Granted	-
	ELA 4/2013			582
		Harami		307,820
				<b>5,390,673</b>
Total				<b>14,700,018</b>



## NOTES TO THE FINANCIAL STATEMENTS Continued

## 6 ISSUED CAPITAL

	Consolidated		Consolidated	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
	Number of Shares	Number of Shares	\$	\$
<b>Ordinary Shares</b>				
Issued	<b>140,507,730</b>	140,507,730	<b>24,503,627</b>	24,483,627
<b>(a) Movements during the period</b>				
Balance	<b>140,507,730</b>	120,189,060	<b>24,483,627</b>	19,755,679
Share placement – fund received	-	2,320,791	-	563,952
Share placement	-	4,497,879	-	1,093,000
Share placement	-	12,500,000	-	3,750,000
Share placement – in lieu of services	-	1,000,000	-	300,000
Share placement fund in transit	-	-	<b>20,000</b>	(290,000)
Share issuing costs	-	-	-	(689,004)
Balance at the end of the period	<b>140,507,730</b>	140,507,730	<b>24,503,627</b>	24,483,627

**(b) Options**

There have been no options issued or granted over unissued shares during the reporting period.

**(c) Terms and Conditions**

Each ordinary share participates equally in the voting rights of the Company. 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.

## 7. COMMITMENTS AND CONTINGENT LIABILITIES

The minimum exploration expenditure commitments and lease payments on the Company's exploration tenements totalling approximately \$1.14 million (2014:\$1.27 million) over remaining term of tenements.

**Executive services agreement**

In addition the Company has agreed with Mr Ian Levy as Managing Director in providing the services to the Company at an agreed rate of \$250,000 per annum.

**Corporate Service agreement**

The Company has entered into a Corporate Service Agreement with Hudson Corporate Limited pursuant to which Hudson Corporate Limited has agreed to provide its office management, registered office, administrative, accounting and secretarial services.

The term of the Corporate Services Agreement is two years and the fee payable is that amount agreed between the parties from time to time. The terms of the Services Agreement provide that Hudson Corporate Limited shall act in accordance with the directions of the Board.

**NOTES TO THE FINANCIAL STATEMENTS** Continued**8. SEGMENT REPORTING**

The consolidated entity operates one business being the mining and exploration of bauxite, minerals and related development projects in Australia.

**9. EVENTS SUBSEQUENT TO BALANCE DATE**

At the date of this report there are no other matters or circumstances, other than noted above, which have arisen since 30 June 2015 that have significantly affected or may significantly affect:

- the operations, in financial half-year subsequent to 30 June 2015, of the Group;
- the results of those operations; or
- the state of affairs, in financial half-year subsequent to 30 June 2015, of the Group.