

2013

ANNUAL REPORT



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Ian Levy (Managing Director & CEO)
Ken Boundy
Paul Lennon

Joint Company Secretaries

Julian Rockett
Henry Kinstlinger

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ASX Code – ABZ

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.

CHAIRMAN'S REVIEW 2013

Dear Shareholder

Australian Bauxite Limited (**ABx**, ASX : ABZ) achieved its 2013 objective to apply for its first mining lease at Bald Hill near Campbell Town in Tasmania and to identify its second mine site which is at Fingal Rail, 11 kilometres north of Campbell Town. ABx enters 2014 with a strong balance sheet and a positive outlook to commence mine operations.

Tasmania was selected based on available road, rail and port capacity and acceptable socio-environmental mine settings. Mining Lease application ML 1961 was lodged for Bald Hill in mid-2013 and a Memorandum of Understanding signed with Tasmanian Port Corporation for access at Bell Bay Port. The mining lease is ready for grant, subject to payment of the normal environmental bond and finalisation of the land access terms. The Development Plan and Environmental Management Plan to leave the land as good as we found it, is ready for public exposure. ABx is in discussions with the Bald Hill landholders and has already concluded an agreement with the Fingal Rail landowner and others.

Mine Preparations

Much of the "heavy lifting" work needed to design a mining project was done during 2013. A major trial pit excavation program was completed involving more than 1,500 tonnes from four bulk test pits at Bald Hill and Fingal Rail project areas with encouraging results. The bottom layer of the thick, hard bauxite deposits were not tested because usually, the bottom layer is the more massive and higher grade, requiring no screening. Testing the low and moderate grade upper layers was the main objective of this trial pit program and that was achieved.

Trial dry screening of more than 200 tonnes of bulk-mined bauxite and thin clay layers demonstrated that coarser size fractions of the mined bauxite above 7.5mm were higher grade and achieved recovered yields of 75% to 80% - an encouraging sign. "Dry" screening was done during rain and clay fractions tended to coat the bauxite product which will be avoided during production.

This major exercise also demonstrated that if mining could be done using surface mining technologies, as is used in several bauxite operations, the bauxite could be cut in horizontal slices of about 20 to 25 centimetres thickness so as to discard the thin clay-rich layers. This would increase the overall tonnage and quality of bauxite significantly.

A trial surface mining exercise is planned during 2014 to test its potential.

Bauxite Market & Offtake Negotiations

ABx seeks to achieve market penetration by selling a gibbsite- trihydrate (THA) bauxite that is especially low in clay so that it has reactive silica levels below 3%. Since 2003, China has source this bauxite type from Indonesian projects but in 2012 and again in mid-January 2014, Indonesia has increased its bans on raw bauxite exports. Furthermore, Indonesia has increased its export tax on those tonnages that can be exported from zero to 20% in 2012 and in January 2014, increased it again from 20% to 50%. Latest advice is that shipments from Indonesia have been curtailed by this government action.

Indonesian bauxite supply curtailment has actually made finalisation of offtake agreements harder with some parties and more urgent for others. During the year, the Xinfu Group and ABx ceased exclusive negotiations of a joint venture proposal and other potential Chinese offtake partners have commenced negotiations.

It remains to be seen if a compromise in Indonesia's policy will be achieved in coming months so that China can at least obtain a minimum base load of this gibbsite trihydrate (THA) bauxite from Indonesia to keep its large, low-temperature Bayer-technology alumina refineries operating at reasonable tonnage. ABx intends to be the first new supplier of this bauxite type to China and possibly into Australian refineries as well.

The ABx Board will closely monitor bauxite market developments and the exchange rates in coming months.

Exploration

ABx is drilling in the hardwood plantations managed by Gunns Limited (in Liquidation), west of Launceston which may host an extension of the higher grade bauxite deposit DL-130. This could become our third mine.

Shareholder support has strengthened our balance sheet (see Review of Operations) and is gratefully acknowledged at this critical growth stage.

Directors sincerely thank retiring founding directors Peter Meers, Wei Huang and Jacob Rebek who were key players in the creation of the company. It is pleasing to note that Jacob will remain our Chief Geologist to continue giving guidance to our exploration team. We also thank our management and staff for their enthusiasm, teamwork and achievements in 2013 and look ahead to another year of high achievement and growth



John Dawkins AO

Chairman

REVIEW OF OPERATIONS

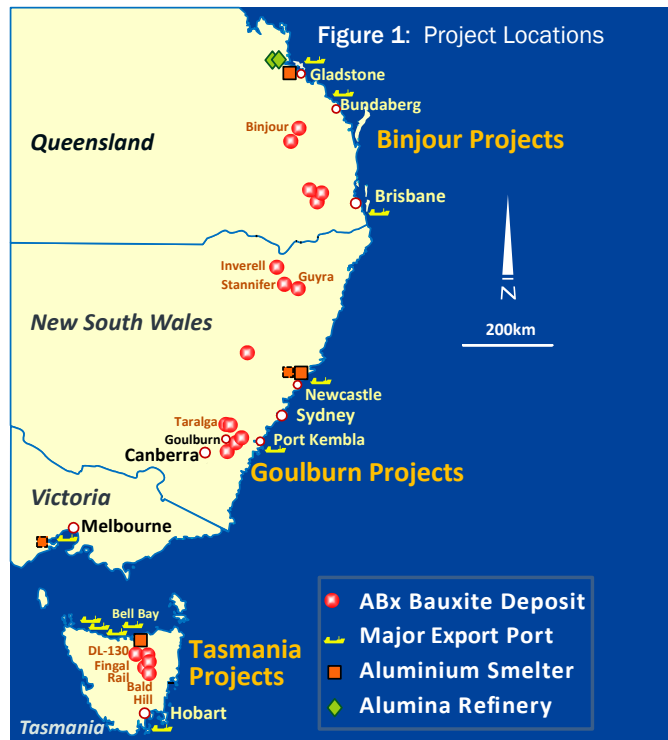
This Review of Operations covers the 12 month period to 31 December 2013.

Australian Bauxite Limited (ABx or the Company) is an emerging bauxite exploration and development company, which listed at 20 cents per share on the Australian Securities Exchange (ASX) on 24 December 2009 with ASX code ABZ.

As of 31 December 2013, ABx, through its wholly owned subsidiaries (ABx1 Pty Ltd, ABx2 Pty Ltd, ABx3 Pty Ltd and ABx4 Pty Ltd) holds 42 bauxite tenements in Queensland, New South Wales and Tasmania covering 6,534 km².

On the mainland, ABx has estimated Mineral Resources in Inverell and Guyra, northern NSW, at its Taralga project in southern NSW; and at the Binjour Plateau in central QLD confirming that ABx has discovered a significant bauxite deposit including some bauxite of outstandingly high quality.

During 2013, ABx defined and lodged its first Mining Lease application with Mineral Resources Tasmania and Notice of Intent with the Environmental Protection Authority for the Bald Hill Bauxite project near Campbell Town, Tasmania. ABx also entered into a Memorandum of Understanding with Tasmanian Ports Corporation concerning access to the Bell Bay Port in northern Tasmania.



Corporate

21 February 2013	Placement of 6.5 million shares issued at 25 cents to sophisticated, eligible and / or professional investors raising \$1.625 million before costs.
4 April 2013	Term sheet signed with Xinha Group, a major Chinese aluminium company, as preferred supportive offtake partner to fully fund first two bauxite projects with a 5 month due diligence period to finalise formal agreements.
8 April 2013	\$500,000 exclusivity payment received from Xinha Group
31 October 2013	ABx and Xinha Group end exclusivity period without formalised agreements resulting in the issue to Xinha Group of 657,900 shares at 38 cents per share to be held in escrow until 31 December 2015.
28 November 2013	Paul Lennon appointed a non-executive director and Peter Meers and Wei Huang retired as directors, effective 30 December 2013.
20 December 2013	Placement of 5.4 million shares issued at 21 cents to sophisticated, eligible and / or professional investors raising \$1.134 million before costs.
28 January 2014	Placement of 2,320,791 shares at 24.3 cents to AAM Alpha Funds PLC Ausonio fund to raise \$A 563,952 (\$US 500,000) and announced a Share Purchase Plan (SPP) for existing shareholders at the same price.
6 March 2014	SPP raised a further \$850,000 as existing shareholders purchased 3,497,879 shares at 24.3 cents.

6 March 2014 Additional Placement of 1,000,000 shares at the SPP price to raise \$243,000, bringing total raisings associated with the SPP to more than \$1 million. Cash balances are now sufficient for 2 years' exploration.

18 March 2014 Jacob Rebek retired as a director but will continue as Chief Geologist.

Exploration

Exploration strategy

ABx applies three rigorous selection criteria to identify:

- Good quality bauxite
- Proximity to infrastructure connected to existing ports
- Free of socio-environmental or native title land constraints

All tenements are 100% owned and free of obligations for processing and third-party royalties. ABx has already discovered many bauxite deposits using its proprietary exploration technology and new discoveries are still being made as knowledge and expertise grows.

The company's bauxite is high quality and can be processed into alumina at low temperature – the type that is in short supply globally.

Global Mineral Resource declared to date total 115.6 Mt (Inferred - 55.5 Mt, Indicated - 60.2 Mt) ¹.

	Inferred Mt	Indicated Mt	Total Mt
Inverell (Northern NSW)	17.5	20.5	38.0
Taralga (Southern NSW)	17.5	20.4	37.9
Guyra (Northern NSW)	2.3	3.8	6.0
Binjour (Central QLD)	9.0	15.5	24.5
Tasmania (TAS)	5.7	0.0	5.7
ML80126 (QLD)	3.5	0.0	3.5
Global Mineral Resource	55.5	60.2	115.6

ABx aspires to identify large bauxite resources in the Eastern Australian Bauxite Province, which is emerging as one of the world's best bauxite provinces.

ABx has the potential to create significant bauxite developments in three states - Queensland, New South Wales and Tasmania. Its bauxite deposits are favourably located for direct shipping of bauxite to both local and export customers. ABx endorses best practices on agricultural land, strives to leave the land and environment better than it was found and only operate where welcomed.

Land Access

ABx's bauxite drilling program proceeds without interruption, achieving 100% landholder approval of drill site rehabilitation by the ABx field crew. Landholder support has been positive and mutually respectful in all areas. Because ABx is not limited to one or two project areas it is able to mitigate land access risks such as native title, local landowner resistance or environmental legislation.

Exploration sequence

ABx has developed an exploration technology that is successfully discovering bauxite, even deeply concealed bauxite where previous exploration has failed.

¹ See Resource Statement

Once a bauxite target is identified, our drilling sequence commences with first-pass drilling at wide spacing to confirm the existence of good quality bauxite. Follow-up drilling then assesses the continuity of good quality bauxite over a reasonably large area extent. Maiden resource estimates can arise during the follow-up drilling if a small part of the bauxite is drilled to sufficient drill-density for estimation. Maiden resource estimations help ABx assess the variability and consistency of the bauxite but should not be taken as an indication of the total tonnage potential from the entire area.

In-fill drilling and resource-estimation drilling is then carried out in project areas where the bauxite results are encouraging in both areal extent and quality. It will usually take many months of drilling to arrive at a total resource estimate and none of ABx's projects have been 50% drilled-out to date. Overall, ABx has tested only 10% to 40% of the currently identified bauxite areas within ABx tenements.

Discoveries continuing

ABx continues to discover more bauxite areas by applying its exploration technology. In those areas that can meet the selection criteria, ABx applies for new exploration tenements to secure these new discoveries. Drill testing commences once the new tenements are granted.

Tenement status

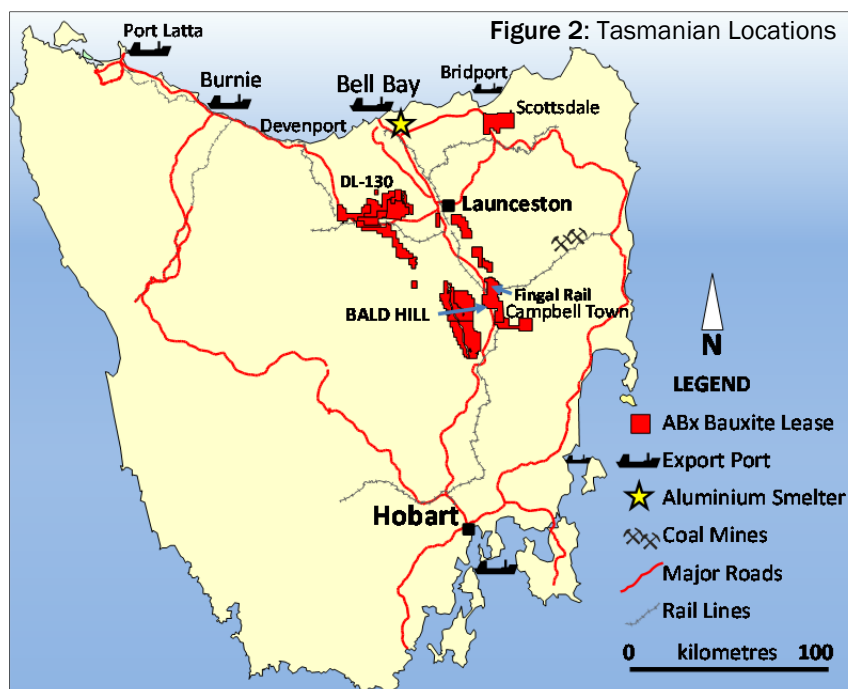
Tenements are 100% in good standing.

Exploration outcomes

During the 2013 reporting period, ABx expedited the development of its Tasmanian near-term bauxite export operations to ship bauxite from Bell Bay Port from the Tasmanian bauxite projects.

Several new tenements have been granted which hold bauxite occurrences and will be explored in mid-2014 once drilling of project areas on the more advanced tenements is completed. Less than 20% of targeted areas have been drilled to date. A 2 to 8 metre thick surface layer of gibbsite-rich or trihydrate (THA) bauxite which is low in reactive silica impurities occurs in moderate-sized blocks over the Tasmanian northern midlands area within 115kms of Bell Bay where Australia's first alumina refinery and first aluminium smelter were established.

First Mine Lease, Tasmania: Perimeter and infill drilling determined the boundaries of bauxite deposits and allowed the first Mining Lease ML 1961 to be pegged at Bald Hill, located 6kms northwest of Campbell Town and 115kms south of Bell Bay Port. Mining Lease ML 1961 is in advanced application stage (see summary below).



Second Mine Site, Tasmania: A second mineable bauxite deposit was discovered at Fingal Rail, located 12kms north of Campbell Town and immediately adjacent to the railway line to Bell Bay.

Bald Hill and Fingal Rail have been heavily cleared and farmed for more than 160 year and contain sufficient bauxite resources for the first five years of production of moderate grade bauxite in areas that are suitable for bauxite extraction without adverse socio-environmental impacts. Engineering studies of the Bell Bay Port suggest that efficient shipping to markets in China is feasible.

Third High Grade Site, Tasmania: A higher grade bauxite deposit known as DL-130 is located 70 kms southwest of Bell Bay, within hardwood plantations managed by Gunns Limited (in Liquidation) and evaluation was delayed due to the Gunn's Liquidation. In late 2013, ABx negotiated access to the DL-130 deposit and drilling to identify high-grade zones has recommenced.

Binjour, Queensland: ABx has begun economic studies of the large Binjour bauxite project in Queensland (see Project Locations), including government negotiations. Engineering studies have shown that this project can be developed profitably using heavy haulage routes or slurry pipeline technologies, loading large ships in deep-water sections of Bundaberg Port.

Bald Hill Bauxite Project Mining Lease 1961 Tasmania

ABx considers its Bald Hill Bauxite Project to be a state significant discovery, which can come into production in late 2014, ahead of ABx's other mainland projects.

In May 2013 ABX lodged its Mining Lease application (**ML 1961**) for the Bald Hill Bauxite Project with Mineral Resources Tasmania and a Notice of Intent with the Environment Protection Authority. The Tasmanian government has advised it is prepared to grant ML1961 subject to payment of an environmental security bond and finalisation of the full land access agreements with landholders. This will be done once the Company is assured that strong bauxite market prices will prevail after the Indonesian bauxite supply and market price situation is clarified in coming months.

ABx has received all expert reports required and final comments from the Tasmanian Environmental Protection Agency in response to the penultimate draft of the Company's Development Plan and Environmental Management Plan (**DPEMP**). It is intended to place the final DPEMP report on public display after it takes out the Mining Lease. Should objections be raised, there is a satisfactory timetable for clarification, mediation and if needed, arbitration. However, the Company has been impressed by the community and government support to date in Tasmania and expects a positive community response to this project which is the commencement of a new industry for Tasmania at an ideal site.

In addition to lodging the Mining Lease application, in March 2013 ABx and the Tasmanian Ports Corporation Pty Ltd executed a Memorandum of Understanding to co-operate regarding road and rail movement, discharge and storage of product and ship loading equipment for the export of bauxite from Bell Bay Port.



Figure 3

Australian Bauxite Chief Operating Officer, Leon Hawker (left) and Paul Weedon, Chief Executive Officer of Tasmanian Ports Corp signing the MoU in Hobart
1 March 2013

The deep-water Bell Bay Export Port has spare capacity of several million tonnes per year. Bell Bay Port is Tasmania's heavy-industry precinct, comprising the multi-berth Bell Bay Port, an aluminium smelter, a manganese smelter, wood product manufacturing plants and general industry, all serviced by power, water, heavy duty road and rail facilities.

Bald Hill Testwork

In mid 2013, four trial-mining pits and screening studies were carried out at Bald Hill and at Fingal Rail projects. This large scale test involved mining of more than 1,500 tonnes and screening of more than 220 tonnes. The testwork demonstrated that:

1. The hard bauxite layer is suited to surface mining techniques which allow the ore to be mined in thin horizontal slices of about 20 to 25 centimetres, producing a clean crushed product;
2. Thin clay layers can contaminate large thicknesses of bauxite when bulk-mined by excavators using traditional truck-and-shovel methods. These thin clay layers are easily identified and selectively discarded using surface mining methods;
3. Dry-screening can produce yields of coarse clean bauxite as high as 75% to 85%;
4. Clean-up of some dry-screened bauxite produces a much better grade of bauxite; and,



5. Rehabilitation is low-cost and highly effective in the Tasmanian climate.

Figure 4: Four bulk test pits in mid-2013.



Figure 5: Clay-mud layer removal upgrades quality

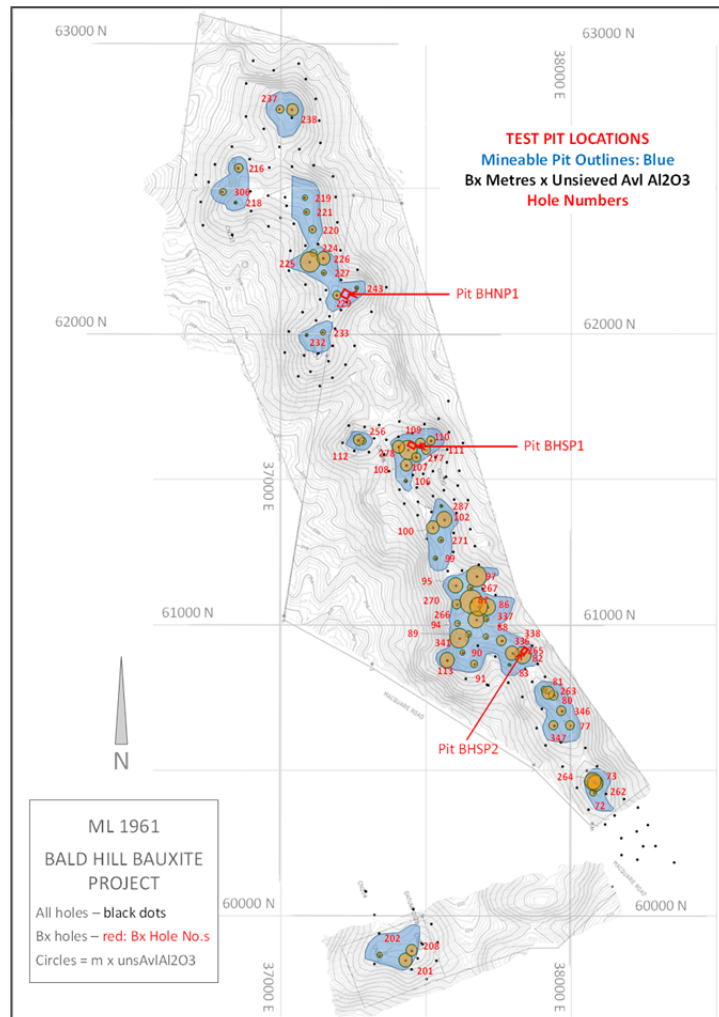
Production Yields by Dry-Screening

Fifty-tonne bulk samples from four pits were dry-screened through a Fintec twin-deck dry screen at Stornoway's Raeburn quarry near Launceston into four size fractions ranging from +100mm to a fine fraction less than -7.5mm that was mainly clay. Each size fraction was assayed to determine how bauxite quality varies with screen size.

Dry-screening was run during damp weather which was not ideal but achieved the following production yields for the +7.5mm coarse fractions:

1. Bald Hill Moderate Grade Pit BHSP1
80% yield coarser than 7.5mm
2. Bald Hill Low-grade Grade Pit BHSP2
74% yield coarser than 7.5mm
3. Bald Hill Marginal Grade Pit BHNP1 85%
yield coarser than 7.5mm
4. Fingal Rail Moderate Grade Pit 84%
yield coarser than 7.5mm

Figure 6: Screening test of 220 tonnes during intermittent rain at Raeburn Quarry



Rainfall during the screening tests caused clay fines to encrust the coarse fractions – estimated to be approximately 5% to 10% by mass. Therefore, typical production yields of clean bauxite are expected to exceed 75% should dry-screening be used.

If surface mining can identify and reject clay layers during mining, clay contamination will be minimised and most bauxite will be sent directly to the Port stockpile without processing.



Figure 7: Bald Hill Bauxite Project area in Summer (left) and after Test Pit rehabilitation in Winter (right)

Trial Surface Mining Campaign

Preparations are advanced for trial surface-mining exercise at the Bald Hill Bauxite Project and at Fingal Rail prospect in mid 2014 to determine the effectiveness of mining with either a Wirtgen surface mining machine or a Vermeer surface mining machine – see Figures 8 and 9.



Figure 8: Vermeer surface miner cutting



Figure 9: Wirtgen surface mining bauxite in Brazil



Figure 10: Raw bauxite as mined is a dry gravel material suitable for bulk shipping

Predicted Production Grades

The following possible production grades and yields are indicated for the upper layers that were exposed by the pit testwork program:

Possible Products From Bald Hill	Yield %	Al ₂ O ₃ avl %	Rx SiO ₂ %	avl/rx ratio	Al ₂ O ₃ %	SiO ₂ %	A/S ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	Mix %
DSO from main Bald Hill deposit	100%	36.8	3.1	11.9	42.9	3.7	11.5	24.3	3.2	25.1	
DSO+dry-screened, main deposit	80.5%	36.0	2.9	12.3	41.9	3.6	11.7	26.0	3.0	24.8	70%
Raw bauxite from low grade deposit	100%	26.3	3.7	7.0	34.5	4.9	7.0	34.6	4.6	20.4	
Low grade plus screened layer	83.4%	28.1	3.5	8.1	36.0	4.7	7.7	32.3	4.8	21.2	15%
Raw clay-contaminated bauxite	100%	20.3	6.5	3.1	29.8	9.0	3.3	34.4	7.3	16.8	
Clay-rich bauxite dry-screened	75%	28.2	2.8	10.1	33.9	3.3	10.4	31.5	8.1	19.4	15%
Possible average production	80%	33.7	3.0	11.3	39.9	3.7	10.8	27.7	4.0	23.5	

- Trihydrate (THA) gibbsite bauxite, free of the refractory monohydrate boehmite.
- Suitable for low-temperature refineries and a substitute for Indonesian bauxite
- Low reactive silica (3-4% Rx SiO₂) reduces soda consumption & Al₂O₃ losses in refineries
- Iron minerals are haematite with lesser goethite. Excellent settling rates and no entrained Al₂O₃
- Product moisture levels of 8% to 10% and simple handling characteristics earns premium
- Organic carbon is within the typical range for eastern Australian bauxites
- Shipping all-year round, unaffected by wet seasons or dry seasons.

Blending Opportunities to Increase and Maintain Production Grades

Northern Tasmanian deposits closer to Bell Bay Port tend to be higher grade than either Bald Hill or Fingal Rail bauxite. These higher grade northern deposits can be used as blending bauxite so as to maintain a reasonably constant product grade. The recommencement of exploration at the high grade DL-130 deposit after a year's delay due the Liquidation of Gunns Limited forestry businesses that host some of the DL-130 deposit has been a timely development.



Figure 11: Geologist Thomas Grieve at a bauxite outcrop in a hardwood plantation that may be an extension of the high grade DL-130 bauxite deposit in northern Tasmania near Bell Bay Port

Drilling this target commenced in mid-March 2014

Bauxite Market Review

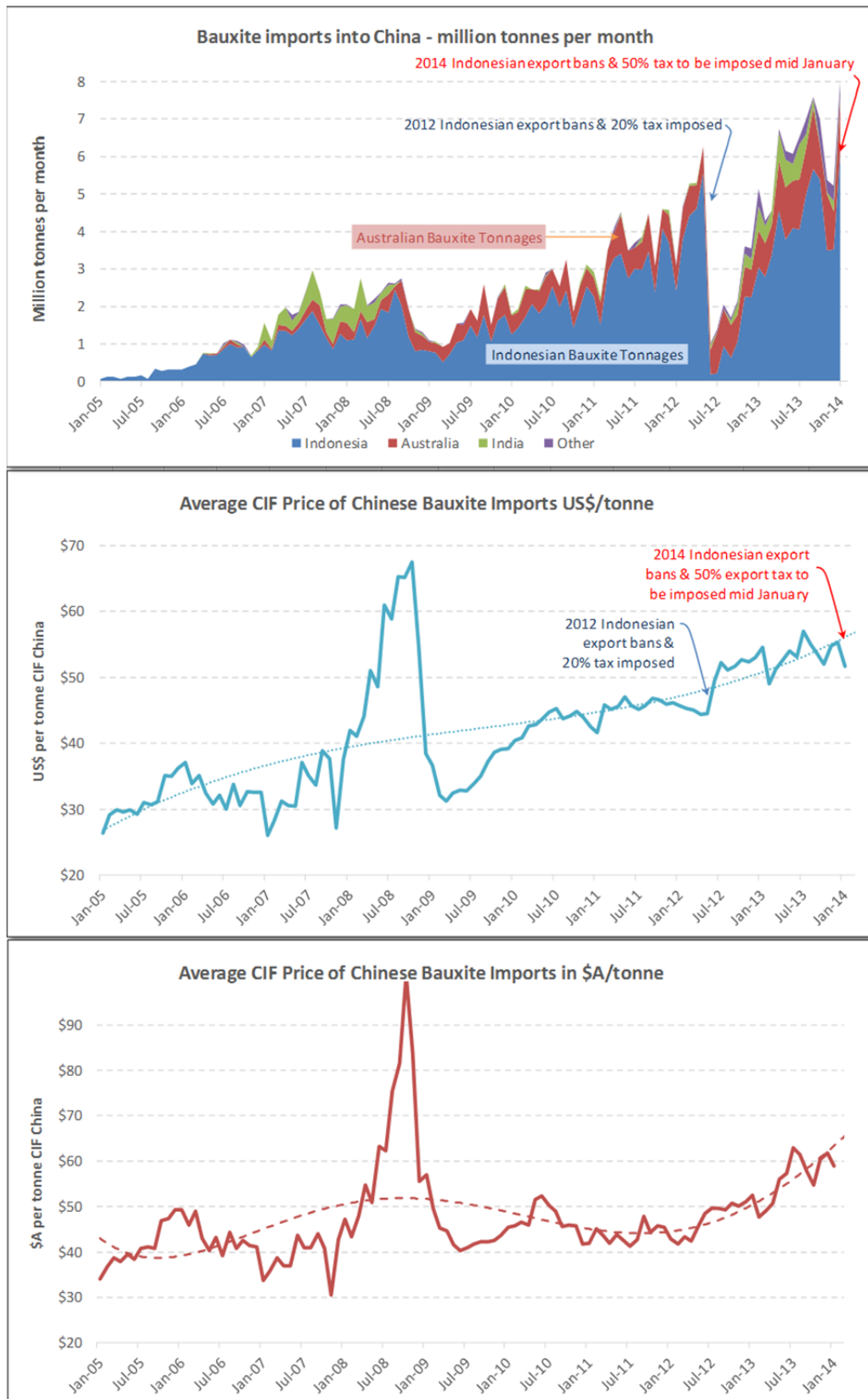


Figure 12: Bauxite Tonnes & Prices CIF China to 31 January 2014

Comments: A last-minute rush led to record shipments of 6.14 million tonnes of mixed-quality bauxite from Indonesia to China during January as bauxite traders tried to avoid paying the increased Indonesian export taxes that came into effect on 12 January 2014. This created a “spike” in total Chinese imports to an all-time record 8.02 million tonnes in January 2014.

This was China's response to Indonesia's new mineral export laws from 12 January 2014 when Indonesia imposed tightened export bans and increased its export taxes from 20% to 50%.

Prices for Indonesian, Australian & Indian bauxite remain at near record levels but eased slightly in January due to lower quality bauxite being purchased in the panic buying. This is still consistent with the rising overall price trend line and remarkably similar to what happened in May-June 2012 when the first set of export bans and taxes were applied by Indonesia.

Indonesian Bans and Increased Export Taxes Introduced 12 January 2014: Many bauxite ships departed Indonesian ports up to 12 January 2014 when Indonesia implemented its new bauxite export bans and increased its bauxite export taxes from 20% to 50%. Shipments then stopped.

Short-Term Volatility Ahead

Bauxite market reports for February to April will be volatile and easily misunderstood. Many Chinese buyers will stop buying from Indonesia and will use their stockpiled bauxite for several months whilst negotiating new deals in Indonesia. It is important that investors realise what is happening – the drop in tonnages imported from Indonesia after 12 January is not a sign of reduced demand but of “negotiating tactics” as the Chinese customers try to force a compromise with Indonesia. Many pundits predict that the compromise will be reduced tonnages from Indonesia but at 15% to 20% higher prices because of the increased export taxes.

This is what happened in 2012 when the first Indonesian bans and taxes were introduced in May 2012. After 6 months, the tonnages grew back to the long-term trend-line and the average price rose by 22% - see Graphs above.

Gibbsite Bauxite Demand Will Tighten

Indian bauxite has become a premium priced bauxite, exceeding the prices for Australian bauxite from Weipa. Like Indonesian bauxite (and ABx's bauxite), Indian bauxite is low-temperature, gibbsite bauxite, often called THA or trihydrate bauxite and is free of a higher temperature mineral called boehmite which is often called MHA or monohydrate bauxite and occurs in Weipa bauxite.

Low-temperature refineries must use gibbsite bauxite to achieve the cost benefits of the low-temperature refining process. The mineral gibbsite is alumina trihydrate which dissolves at 140 degrees C in low-temperature alumina refineries whilst the alumina monohydrate minerals boehmite and diasporite dissolve at 240 degrees C and 290 to 350 degrees C respectively.

Many of China's largest alumina refineries are low-temperature types of refineries which have until now relied almost solely on imports of low-temperature gibbsite bauxite from Indonesia. During 2013, China imported 72 million tonnes of bauxite, of which 49 million tonnes or 68% came from Indonesia. These cheap supplies from Indonesia are about to change, as of 12 January 2014.

Australian Bauxite Limited plans to ship low temperature, gibbsite bauxite commencing in December 2014, initially from its Tasmanian mines.



Figure 13: Bauxite products from bulk test pits into Bald Hill and Fingal Rail Deposits

Current Mineral Resource Overview ²

1. Tasmania

Table 1: Summary of Maiden Bauxite Resources, Tasmania

Tasmanian Bauxite Resources			Sieved at 0.26mm											Overburden m	Internal Waste m
Resource category	Tonnes millions	Bauxite Thickness	Al ₂ O ₃ Avl % 225°	Al ₂ O ₃ Avl % 143°	Rx SiO ₂ %	Avl/Rx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	Yield %		
Inferred	5.7 Mt	3.8 m	39.5	37.6	3.2	11.9	44.1	4.3	10.4	22.8	3.1	25.0	55%	1.5 m	0.1 m
TOTAL	5.7 Mt	3.8 m	39.5	37.6	3.2	11.9	44.1	4.3	10.4	22.8	3.1	25.0	55%	1.5 m	0.1 m

Cut-off grades applied: Minimum 30% available Al₂O₃ at 143 degrees, 2m thickness, 350m search ellipse for each 25m x 25m block. Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Al₂O₃ Avl % 225°" is estimated available alumina at 225 degrees C based on metallurgical testwork. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂) and "A/S" ratio is Al₂O₃/SiO₂. Values above 10 are excellent. Tonnage is for bauxite in-situ. Yield is for screening all samples at 0.26mm. The significant tonnages requiring no upgrade will have 100% yield.

Table 2: Summary of Direct Shipping2 ("DSO") Bauxite Resources, Tasmania

In-Situ DSO Bauxite			Raw, unsieved in situ bauxite											Overburden m	Internal Waste m
Resource category	Tonnes millions	Bauxite Thickness	Al ₂ O ₃ Avl % 225°	Al ₂ O ₃ Avl % 143°	Rx SiO ₂ %	Avl/Rx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	Yield %		
Inferred	3.0 Mt	4.0 m	34.2	32.6	4.6	7.0	40.5	5.6	7.2	24.9	3.9	23.2	100%	1.8 m	0 m
TOTAL	3.0 Mt	4.0 m	34.2	32.6	4.6	7.0	40.5	5.6	7.2	24.9	3.9	23.2	100%	1.8 m	0 m

Cut-off grades applied: Minimum 30% available Al₂O₃ at 143 degrees for raw in-situ bauxite, 2m thickness, 350m search ellipse for each 25m x 25m block. Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Al₂O₃ Avl % 225°" is estimated available alumina at 225 degrees C based on metallurgical testwork. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂) and "A/S" ratio is Al₂O₃/SiO₂. Values above 6 are good for raw bauxite. Tonnage is for direct-shipping DSO bauxite in-situ.

Deposit Geology – see Figure 2 for locations and infrastructure in Tasmania

Bauxite layers occur as ridge-tops beneath lesser quality, thin soils. Bauxite formed on volcanic rock plateaus in the Tertiary era (40 to 55 million years old). Erosion has dissected the plateaus, leaving remnant ridges of bauxite, typically 0.5 to 2kms long. Bauxite deposits at Fingal Rail are still being drilled at the time of publication and are not included in these Resource estimates.

Cross sections in Figures 14 & 15 below show the bauxite geology at DL-130 and Bald Hill.

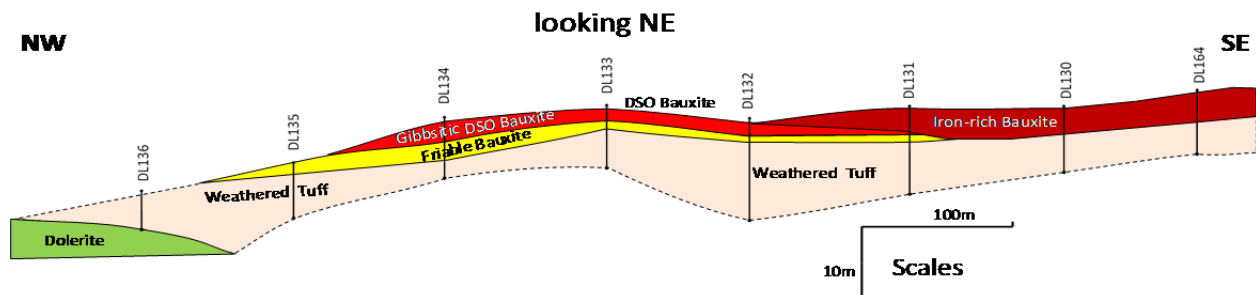


Figure 14: Cross Section of Bauxite Deposit DL-130

² See Resource Statement

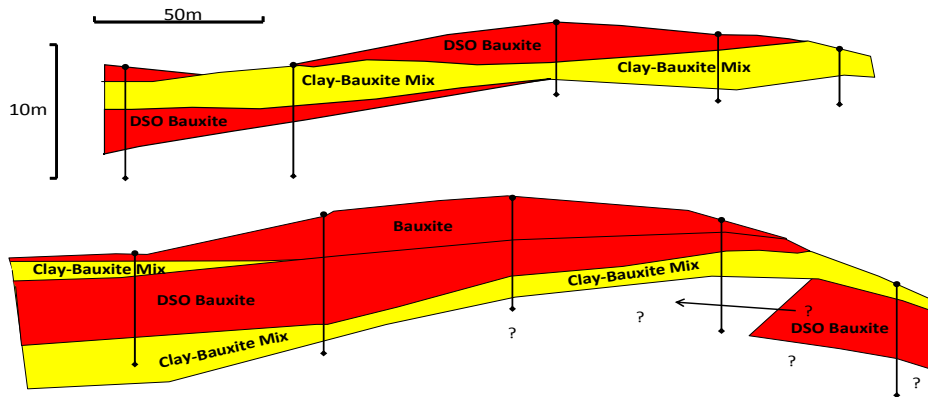
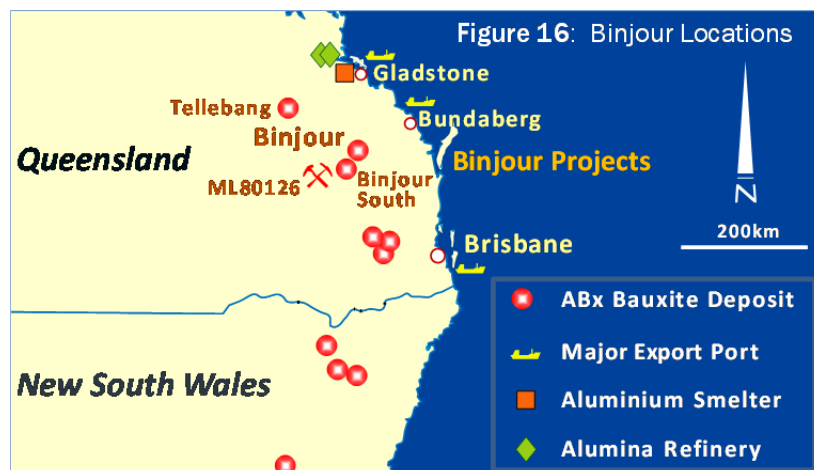


Figure 15: Cross-Sections of Bald Hill Bauxite Deposits

2. Binjour Bauxite Project, Central Queensland

Binjour project comprises 5 Exploration Permits (EPs) and one Mining Lease (ML) around Binjour between Mundubbera and Gayndah, 115 kms southwest of Bundaberg Port, central QLD (see Fig 16).

The district's deposits contain thick zones of premium grade gibbsite-rich trihydrate (THA) bauxite with good potential for more discoveries. Binjour bauxite has favourably low levels of reactive silica (clay) and is ideal feedstock for sweetener circuits in alumina refineries and will achieve premium prices. ABx has recently secured exploration permits covering extensions of Binjour Plateau, for example at Binjour South.



The large potential of Binjour is just being revealed and this project is likely to become the company's flagship project. The current JORC-compliant Resource Estimate is as follows:

Table 3: Summary of Bauxite Resources at Binjour, Central Queensland

DSO Bauxite Resources			Sieved at 0.26mm											
Resource category	Tonnes millions	Bauxite Thick-ness	Al ₂ O ₃ Avl % 143°	Rx SiO ₂ %	Avl/Rx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	Yield %	Over-burden m	Internal Waste m
Inferred	9.0	3.9 m	38.0	3.8	10.0	43.7	4.5	9.7	22.4	3.6	24.2	59%	8.2 m	0.3 m
Indicated	15.5	5.3 m	39.5	2.6	15.1	44.2	3.1	14.5	23.4	3.7	24.9	62%	9.4 m	0.3 m
TOTAL	24.5	4.8 m	39.0	3.0	12.8	44.1	3.6	12.3	23.1	3.7	24.6	61%	8.9 m	0.3 m

Cut-off grades applied: Minimum 30% available Al₂O₃, 2m thickness & 3 data points in 350m search ellipse for each 25m x 25m block. Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂) and "A/S" ratio is Al₂O₃/SiO₂. Values above 10 are excellent. Tonnage is for bauxite in-situ. Yield is for screening all samples at 0.26mm. The significant tonnages requiring no upgrade will have 100% yield. Estimate excludes very large tonnages of bauxite containing washable silica gel.

Deposit Geology

A 3 to 15 metres thick layer of bauxite extends over 44 square kilometres of Binjour Plateau. Parts of this bauxite layer contain silica gel veinlets which makes the bauxite grades too silica-rich and are excluded from current resource estimates, but this "silica gel" material has been shown to be removable by washing and the recovered bauxite meets DSO grade with favourably low silica levels.

The bauxite occurs at surface in places but typically has 6m to 9m of dry red mud overburden. The bauxite layer averages 4.8 metres thick with an average strip ratio of 2 tonnes waste to 1 tonne bauxite. The red mud is free-diggable and can be cheaply removed and immediately relocated to mined-out pit areas as is done in Brazilian bauxite mines with very similar geological setting.

Removal of the “silica gel” (halloysite clay in hydrous gel) will expand resource thickness, greatly reduce the strip ratio and increase tonnage by an order of magnitude. Again, this is what occurred with the Brazilian deposits.

Infrastructure Setting

The Binjour deposits are approximately 115 kms from the nearest Port at Bundaberg which can be upgraded to allow for bulk exports (Figure 17). Transport infrastructure options are being assessed as part of an industry-government joint project.



Figure 17 Bundaberg Port

Mining Lease Mundubbera Queensland

ABx has an option to purchase Mining Lease ML80126 at Toondoon, located 25 km south of Mundubbera and 155 km southwest of Bundaberg Port in central Queensland (see Figure 18).

This granted, long-term mining lease ML80126 may be a fast-track route to the commencement of ABx's large Binjour Bauxite Project (see Figure 18) if needed to supply the buoyant bauxite market, which is currently seriously short of this type of gibbsite trihydrate (THA), low reactive silica bauxite.

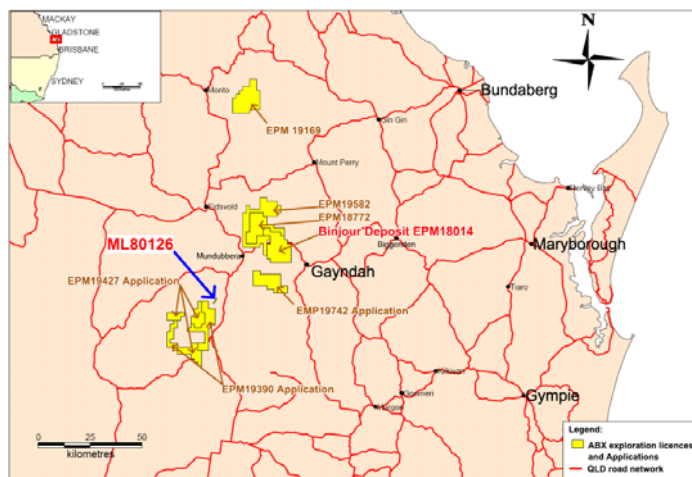


Figure 18: Binjour & ML Locations

Deposit Geology

A gibbsite-rich bauxite layer, 1 to 7 metres thick, totalling 5 million tonnes was discovered beneath a shallow layer of soil and red clay at the Toondoon Mining Lease ML80126. A total of 14 drillholes totalling 186 metres were drilled and revealed a consistent, continuous deposit (see Figure 19) and enabled the estimation of an Inferred Resource.

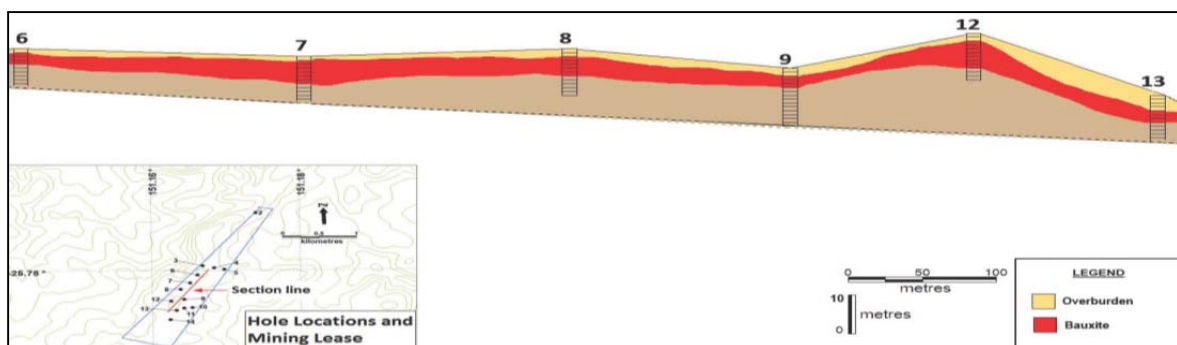


Figure 19: Drillhole section showing continuity of bauxite layer. Extraction appears straightforward.

A maiden Inferred Resource estimate based on a low cut-off grade was as follows:

Table 4: Summary of Maiden Bauxite Resources, Toondoon Mining Lease ML80126

Cut-off 25% Al ₂ O ₃ Avl			Sieved at 0.26mm											
Resource category	Tonnes millions	Bauxite Thick-ness	Al ₂ O ₃ Avl % 143°	Rx SiO ₂ %	Avl/Rx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	Yield %	Over-burden m	Internal Waste m
Inferred	3.5 Mt	4.9 m	32.8	5.2	6.3	40.2	7.2	5.6	25.3	4.9	21.7	67%	1.5 m	0 m
TOTAL	3.5 Mt	4.9 m	32.8	5.2	6.3	40.2	7.2	5.6	25.3	4.9	21.7	67%	1.5 m	0 m

Cut-off grades applied: Minimum 25% available Al₂O₃ Avl, 2m thickness, 200m search ellipse. Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂) and "A/S" ratio is Al₂O₃/SiO₂. Avl/Rx values above 6 are good. Tonnage is for bauxite in-situ. Yield is for screening all samples at 0.26mm. The significant tonnages requiring no upgrade will have 100% yield.

Raw In-Situ DSO Bauxite

It is common to commence mining bauxite zones that contain "DSO Bauxite" which can be exported directly (see Definitions) and to stockpile bauxite that requires processing in later years. Approximately 50% of the bauxite meets DSO grades and requires no upgrade.

Location and Infrastructure

The region has regional highways passing through the bauxite areas, connecting to an export port at Bundaberg (Figure 17). Shipping into and out of Bundaberg Port occurs via deep, sand-bottomed shipping channels connected to the eastern Australian deepwater shipping lanes and does not pass over any part of the Great Barrier Reef or ecologically sensitive seafloors.

There is a well-developed state electric power grid and ample water supplies. Natural gas pipelines connect from the Surat Basin to Gladstone through this district. Coal mining occurs to the north and south of this region and there are several mineral deposits being assessed in the local region. There are well-established regional population centres at Mundubbera and Gayndah and ABx's large Binjour bauxite project is located between these two regional centres.

Gladstone is a major bauxite processing centre with two alumina refineries and an aluminium smelter. Gladstone is a major mineral port (coal, bauxite, coal seam gas, chemicals) that services the Queensland Alumina Limited (QAL) and Yarwun alumina refineries and Australia's largest aluminium smelter at Boyne Island. Both alumina refineries and the Boyne Island aluminium smelter at Gladstone are operated by Rio Tinto Alcan.

This part of Queensland has major steel fabrication and heavy machinery workshops as well as highly experienced contractors in earth moving, mining, transport and construction.

In summary, the ABx bauxite project areas in central Queensland are supplied with power, water, communications and transport infrastructure, near well-served industrial centres with mining workforces and near to efficient export ports that operate all year round.

Socio-Environmental Setting

ML80126 is a fully-granted, long-term Mining Lease located in an area that is unaffected by Queensland's strategic cropping land zones. The Mining Lease is unlikely to be affected by socio-environmental impediments.

Binjour Plateau resources all lie on either State Forestry Land or private farmland that is unaffected by strategic cropping land zones and is unlikely to be affected by socio-environmental impediments. Landholder and community support for the development of a project is very strong.

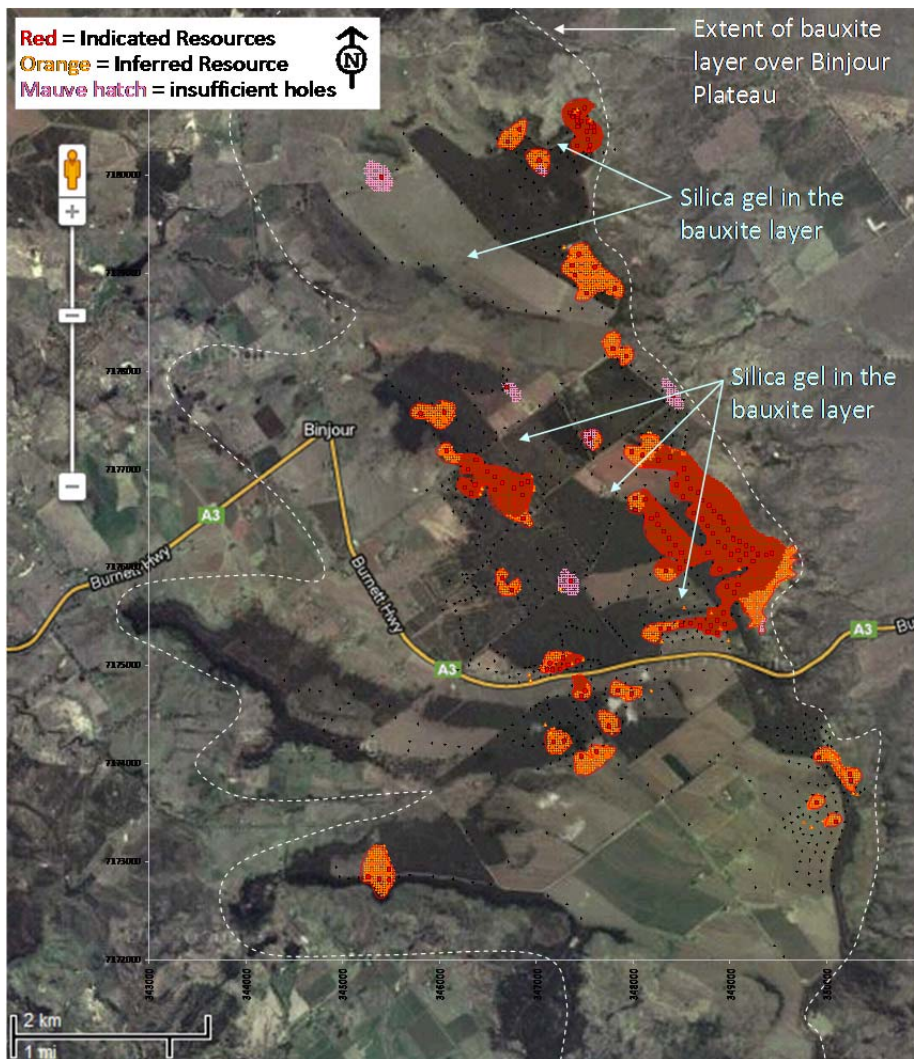


Figure 20: Resource Categories and Bauxite Types Across Binjour Plateau

3. Goulburn Bauxite Projects, Southern NSW

Goulburn projects comprise 6 Exploration Licences and Application for an Exploration Licence centred around the old mining-pastoral city of Goulburn, southern NSW located on the major rail line connected directly to Port Kembla Port, which is a deep-water mineral export port, handling Cape Size and Panamax Ships.

A Pre-Feasibility Study and Stage 2 expanded transport study were finalised by Como Engineers and GHD and provided a costing database that has been applied to ABx's other projects.



Figure 21: Goulburn Locations

The district's deposits contain thick zones of premium grade bauxite, with good potential for more discoveries. All deposits are gibbsite-rich (trihydrate) bauxite, low in reactive silica and free of refractory mineral boehmite (monohydrate). All horizons produce Direct Shipping or "DSO" bauxite.

Current JORC compliant resources are as follows:

Table 5: Summary of Bauxite Resources at Taralga, Southern NSW

DSO Bauxite Resources				Sieved at 0.26mm											
Resource category	Tonnes millions	Bauxite Thickness	DSO Thickness	Al ₂ O ₃ Avl % 143°	Rx SiO ₂ %	Avl/Rx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	Yield	Overburden	Internal Waste
Inferred	9.9	4.6 m	3.1 m	35.2	1.9	18.3	40.4	5.7	7.1	24.6	4.1	22.2	54%	0.1 m	0.2 m
Indicated	10.2	6.4 m	3.7 m	36.1	1.9	18.8	41.3	5.3	7.8	25.9	4.0	22.9	55%	0.7 m	0.4 m
TOTAL	20.1	5.6 m	3.4 m	35.7	1.9	18.5	40.8	5.5	7.4	25.3	4.0	22.6	55%	0.5 m	0.3 m

PDM-DSO Bauxite Resources				Sieved at 0.26mm											
Resource category	Tonnes millions	Bauxite Thickness	PDM-DSO Thickness	Al ₂ O ₃ Avl % 143°	Rx SiO ₂ %	Avl/Rx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	Yield	Overburden	Internal Waste
Inferred	7.6	4.8 m	2.5 m	22.1	1.3	16.8	37.0	6.0	6.1	38.4	3.5	13.3	72%	0.2 m	0.1 m
Indicated	10.3	6.5 m	3.1 m	22.4	1.1	19.8	37.6	3.9	9.5	40.4	3.7	13.5	71%	0.7 m	0.4 m
TOTAL	17.8	5.8 m	2.8 m	22.3	1.2	18.4	37.3	4.8	7.7	39.6	3.6	13.4	72%	0.5 m	0.3 m

Note: DSO Bauxite of DSO grades is recoverable from the PDM-DSO Bauxite Resources. Metallurgical testwork indicates that approximately 80% to 85% of the PDM-DSO Bauxite is DSO grade bauxite. The remainder is dense, hard, magnetic spinel nodules easily recovered by gravity and sold at refractory grade prices.

Total Bauxite Resources					Sieved at 0.26mm											
Resource category	Tonnes millions	Bauxite Thickness	DSO Thickness	PDM-DSO Thickness	Rx SiO ₂ %	Avl/Rx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	Yield	Overburden	Internal Waste	
Inferred	17.5	4.6 m	3.1 m	2.5 m	1.7	17.6	38.9	5.8	6.7	30.6	3.9	18.3	62%	0.2 m	0.2 m	
	20.4	6.3 m	3.7 m	3.1 m	1.5	19.3	39.4	4.6	8.5	33.2	3.8	18.2	63%	0.7 m	0.4 m	
TOTAL	37.9	5.6 m	3.4 m	2.8 m	1.6	18.5	39.2	5.2	7.6	32.0	3.8	18.3	63%	0.4 m	0.3 m	

Cut-off grades applied: Minimum 30% Al₂O₃, 2m thickness & 3 data points in 350m search ellipse for each 25m x 25m block. Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂). Values above 10 are excellent. "A/S" ratio is Al₂O₃/SiO₂ where the SiO₂ includes inert silica sand in bauxite. Tonnage is for bauxite in-situ. Yield is for screening all samples at 0.26mm. The significant tonnages requiring no upgrade will have 100% yield.

Deposit Geology

The bauxite layer occurs mainly at surface beneath thin soils and is has formed on volcanic rocks of Lower Tertiary age (35 to 50 million years). Areas of thick good quality bauxite continue to be discovered across the Taralga - Mt Rae Areas and new bauxite target areas have been identified in new tenements that have been recently granted.

ABx discovered exceptionally thick bauxite at Mt Rae near Taralga in southern NSW in February 2012. The bottom of the bauxite was not reached. The cross-section in Figure 22 below through the thick bauxite discovery demonstrates the geological setting of these remarkable deposits. Potential extensions of this material have been identified.

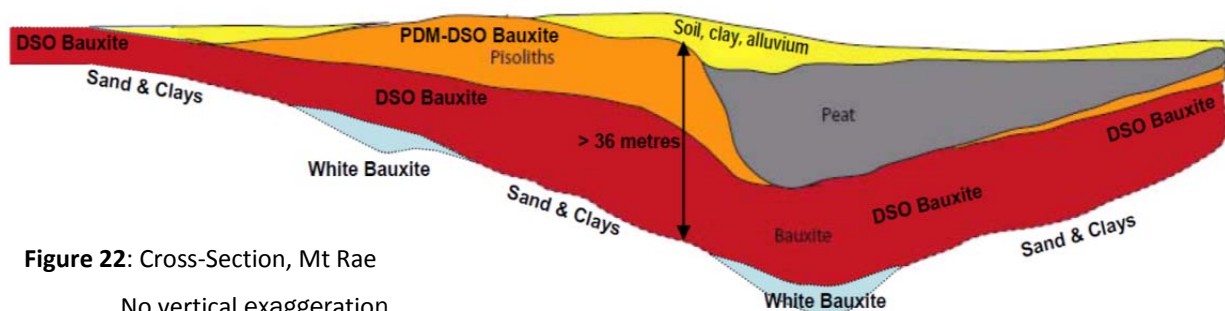


Figure 22: Cross-Section, Mt Rae
No vertical exaggeration

Goulburn South Bauxite Projects

Goulburn South is located in and around the Wingello State Pine Forest where a bauxite resource was established by BHP and government geological surveys, located near the main Hume Highway and the heavy duty rail line to Port Kembla. Figure 23 below shows a pit face of bauxite from Goulburn South.

A large portion of the Goulburn South project is covered by two Ministerial Mining Reserves for the protection of sand deposits in the pine plantations. Government departments are considering the removal of those Reserves. Goulburn South could commence production at low capital cost and moderate operating cost, exporting bauxite from Port Kembla.



Figure 23: Bauxite exposed in the face of an old BHP Quarry in the Penrose-Wingello forest area, Goulburn South Bauxite Projects

4. Inverell, Northern NSW Project

ABx has discovered thick layers of bauxite at its Inverell-Stannifer-Guyra projects in northern NSW (see Figure 24). The bauxite is consistently medium quality, low silica gibbsite trihydrate (THA) bauxite suitable for low temperature bauxite-alumina refineries.

New areas of bauxite in the Inverell-Stannifer-Guyra area of northern NSW have been discovered.

Resource estimates for the initial deposits tested at Inverell and Guyra are summarised as follows:



Table 6: Summary of Bauxite Resources at Inverell, Northern NSW

Bauxite Resources				Sieved at 0.26mm									Yield %
Resource category	Tonnes millions	Thick-ness	Over-burden	Al ₂ O ₃ Avl %	Rx SiO ₂ %	Avl/Rx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	
Inferred	17.5	4.7 m	2.3 m	31.0	4.2	7.4	39.8	4.8	8.3	27.7	4.3	22.2	61%
Indicated	20.5	4.8 m	2.4 m	32.0	4.0	7.9	40.6	4.7	8.6	26.9	4.1	22.5	60%
TOTAL	38.0	4.8 m	2.4 m	31.6	4.1	7.7	40.2	4.7	8.5	27.3	4.2	22.4	61%

Cut-off grades applied: Minimum 32% Al₂O₃, 1.5m thickness & 2 data points per 25m x 25m blocks. Maximum waste-to-bauxite ratio 3:1. Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂). Values above 10 are excellent. "A/S" ratio is Al₂O₃/SiO₂. Tonnage is for bauxite in-situ. Yield is for screening all samples at 0.26mm. The significant tonnages requiring no upgrade will have 100% yield.

Table 7: Maiden Bauxite Resources at Guyra, Northern NSW

				Sieved at 0.26mm									Yield %
Resource category	Tonnes millions	Thick-ness	Over-burden	Al ₂ O ₃ Avl %	Rx SiO ₂ %	Avl/Rx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	
Inferred	2.3	4.2 m	3.4 m	35.0	2.8	12.5	41.4	3.6	11.6	26.2	3.3	24.6	56%
Indicated	3.8	5.9 m	4.4 m	37.4	2.0	18.3	43.1	2.6	16.3	27.3	3.9	24.5	61%
TOTAL	6.0 Mt	5.3 m	4.0 m	36.5	2.3	15.8	42.5	3.0	14.3	26.9	3.7	24.5	59%

Cut-off grades applied: Minimum 30% Al₂O₃, 2m thickness, 45% yield. Maximum strip ratio (metres overburden:bauxite) 3:1.

Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂). Values above 10 are excellent. "A/S" ratio is Al₂O₃/SiO₂. Tonnage is for bauxite in-situ. Yield is for screening all samples at 0.26mm. The significant tonnages requiring no upgrade will have 100% yield.

Logistical Setting

The Inverell and Guyra bauxite deposits are located approximately 430 & 390kms inland from Newcastle Port and are not serviced by an operational heavy duty rail line. Therefore, this bauxite project is not considered a candidate for early development for direct export. However Inverell, Stannifer and Guyra may form part of a sizeable bauxite province in northern NSW that has potential to justify a bauxite processing facility, possibly even a new bauxite-alumina refinery.

Further Work Planned

The bauxite deposit is open in many locations and many other deposits have been identified. New tenements containing high-grade bauxite outcrops have been secured in the region, especially at Stannifer halfway between Inverell and Guyra.

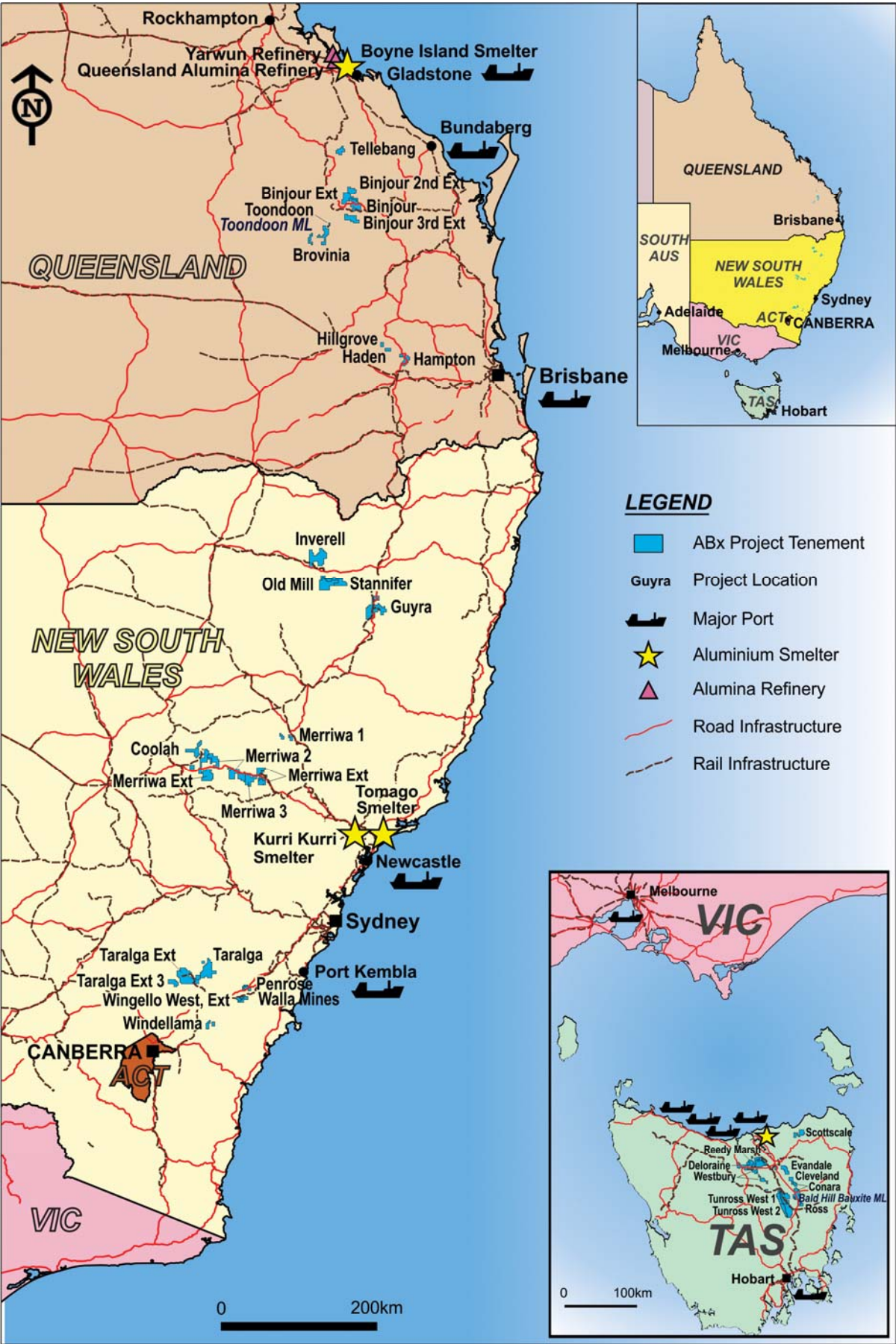


Figure 25: Project Tenements and Major Infrastructure – December 2013

Resource 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.

There has been no change to these Mineral Resources from those disclosed in the previous year.

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 Resource declared to 31/12/13 total 115.6 million tonnes (Inferred - 55.5 Mt, Indicated - 60.2 Mt).

	Inferred Mt	Indicated Mt	Total Mt
Inverell (Northern NSW) ¹	17.5	20.5	38.0
Taralga (Southern NSW) ²	17.5	20.4	37.9
Guyra (Northern NSW) ³	2.3	3.8	6.0
Binjour (Central QLD) ⁴	9.0	15.5	24.5
Tasmania (TAS) ⁵	5.7	0.0	5.7
ML80126 (QLD) ⁶	3.5	0.0	3.5
Global Mineral Resource	55.5	60.2	115.6

¹ 08/05/2012 ASX Inverell JORC Resource Update, 38.0 Million Tonnes

² 30/05/2012 ASX Taralga Bauxite Resource Increased 50% to 37.9 Million Tonnes

³ 15/08/2011 ASX Maiden Guyra Resource, 6.0 Million Tonnes

⁴ 29/07/2012 ASX Binjour Maiden Resource, 24.5 Million Tonnes

⁵ 08/11/2012 ASX Maiden Tasmania JORC Resource, 5.7 Million Tonnes

⁶ 03/12/2012 ASX Maiden QLD Mining Lease JORC Resource, 3.5 Million Tonnes

Tabulated Resource numbers have been rounded for reporting purposes.

Grade and Quality of Bauxite Resources

Inverell, NSW

Bauxite Resources				Sieved at 0.26mm									Yield %
Resource category	Tonnes millions	Thick- ness	Over- burden	Al ₂ O ₃ Avl %	Rx SiO ₂ %	Avl/Rx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	
Inferred	17.5	4.7 m	2.3 m	31.0	4.2	7.4	39.8	4.8	8.3	27.7	4.3	22.2	61%
Indicated	20.5	4.8 m	2.4 m	32.0	4.0	7.9	40.6	4.7	8.6	26.9	4.1	22.5	60%
TOTAL	38.0	4.8 m	2.4 m	31.6	4.1	7.7	40.2	4.7	8.5	27.3	4.2	22.4	61%

Cut-off grades applied: Minimum 32% Al₂O₃, 1.5m thickness & 2 data points per 25m x 25m blocks. Maximum waste-to-bauxite ratio 3:1. Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂). Values above 10 are excellent. "A/S" ratio is Al₂O₃/SiO₂. Tonnage is for bauxite in-situ. Yield is for screening all samples at 0.26mm. The significant tonnages requiring no upgrade will have 100% yield.

Guyra, NSW

Resource category	Tonnes millions	Thick-ness	Over-burden	Sieved at 0.26mm									Yield %
				Al ₂ O ₃	Rx SiO ₂	Avl/Rx	Al ₂ O ₃	SiO ₂	A/S	Fe ₂ O ₃	TiO ₂	LOI	
				Avl %	%	Ratio	%	%	Ratio	%	%	%	
Inferred	2.3	4.2 m	3.4 m	35.0	2.8	12.5	41.4	3.6	11.6	26.2	3.3	24.6	56%
Indicated	3.8	5.9 m	4.4 m	37.4	2.0	18.3	43.1	2.6	16.3	27.3	3.9	24.5	61%
TOTAL	6.0 Mt	5.3 m	4.0 m	36.5	2.3	15.8	42.5	3.0	14.3	26.9	3.7	24.5	59%

Cut-off grades applied: Minimum 30% Al₂O₃, 2m thickness, 45% yield. Maximum strip ratio (metres overburden:bauxite) 3:1.

Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂). Values above 10 are excellent. "A/S" ratio is Al₂O₃/SiO₂. Tonnage is for bauxite in-situ. Yield is for screening all samples at 0.26mm. The significant tonnages requiring no upgrade will have 100% yield.

Tarlga, Southern NSW

DSO Bauxite Resources				Sieved at 0.26mm										Over-burden	Internal Waste
Resource category	Tonnes millions	Bauxite Thick-ness	DSO Thick-ness	Al ₂ O ₃ Avl %	Rx SiO ₂ %	Avl/Rx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	Yield		
				143°	%		%	%		%	%	%	%		
Inferred	9.9	4.6 m	3.1 m	35.2	1.9	18.3	40.4	5.7	7.1	24.6	4.1	22.2	54%	0.1 m	0.2 m
Indicated	10.2	6.4 m	3.7 m	36.1	1.9	18.8	41.3	5.3	7.8	25.9	4.0	22.9	55%	0.7 m	0.4 m
TOTAL	20.1	5.6 m	3.4 m	35.7	1.9	18.5	40.8	5.5	7.4	25.3	4.0	22.6	55%	0.5 m	0.3 m

PDM-DSO Bauxite Resources				Sieved at 0.26mm										Over-burden	Internal Waste
Resource category	Tonnes millions	Bauxite Thick-ness	PDM-DSO Thick-ness	Al ₂ O ₃ Avl %	Rx SiO ₂ %	Avl/Rx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	Yield		
				143°	%		%	%		%	%	%	%		
Inferred	7.6	4.8 m	2.5 m	22.1	1.3	16.8	37.0	6.0	6.1	38.4	3.5	13.3	72%	0.2 m	0.1 m
Indicated	10.3	6.5 m	3.1 m	22.4	1.1	19.8	37.6	3.9	9.5	40.4	3.7	13.5	71%	0.7 m	0.4 m
TOTAL	17.8	5.8 m	2.8 m	22.3	1.2	18.4	37.3	4.8	7.7	39.6	3.6	13.4	72%	0.5 m	0.3 m

Note: DSO Bauxite of DSO grades is recoverable from the PDM-DSO Bauxite Resources. Metallurgical testwork indicates that approximately 80% to 85% of the PDM-DSO Bauxite is DSO grade bauxite. The remainder is dense, hard, magnetic spinel nodules easily recovered by gravity and sold at refractory grade prices.

Total Bauxite Resources					Sieved at 0.26mm									Over-burden	Internal Waste
Resource category	Tonnes millions	Bauxite Thick-ness	DSO Thick-ness	PDM-DSO Thick-ness	Rx SiO ₂ %	Avl/Rx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	Yield		
					%		%	%		%	%	%	%		
Inferred	17.5	4.6 m	3.1 m	2.5 m	1.7	17.6	38.9	5.8	6.7	30.6	3.9	18.3	62%	0.2 m	0.2 m
Indicated	20.4	6.3 m	3.7 m	3.1 m	1.5	19.3	39.4	4.6	8.5	33.2	3.8	18.2	63%	0.7 m	0.4 m
TOTAL	37.9	5.6 m	3.4 m	2.8 m	1.6	18.5	39.2	5.2	7.6	32.0	3.8	18.3	63%	0.4 m	0.3 m

Cut-off grades applied: Minimum 30% Al₂O₃, 2m thickness & 3 data points in 350m search ellipse for each 25m x 25m block. Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂). Values above 10 are excellent. "A/S" ratio is Al₂O₃/SiO₂ where the SiO₂ includes inert silica sand in bauxite. Tonnage is for bauxite in-situ. Yield is for screening all samples at 0.26mm. The significant tonnages requiring no upgrade will have 100% yield.

Binjour, Central QLD

DSO Bauxite Resources			Sieved at 0.26mm											
Resource category	Tonnes millions	Bauxite Thick-ness	Al ₂ O ₃ Avl % 143°	Rx SiO ₂ %	Avl/Rx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	Yield %	Over-burden m	Internal Waste m
Inferred	9.0	3.9 m	38.0	3.8	10.0	43.7	4.5	9.7	22.4	3.6	24.2	59%	8.2 m	0.3 m
	15.5	5.3 m	39.5	2.6	15.1	44.2	3.1	14.5	23.4	3.7	24.9	62%	9.4 m	0.3 m
TOTAL	24.5	4.8 m	39.0	3.0	12.8	44.1	3.6	12.3	23.1	3.7	24.6	61%	8.9 m	0.3 m

Cut-off grades applied: Minimum 30% available Al₂O₃, 2m thickness & 3 data points in 350m search ellipse for each 25m x 25m block. Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂) and "A/S" ratio is Al₂O₃/SiO₂. Values above 10 are excellent. Tonnage is for bauxite in-situ. Yield is for screening all samples at 0.26mm. The significant tonnages requiring no upgrade will have 100% yield. Estimate excludes very large tonnages of bauxite containing washable silica gel.

Tasmania

Tasmanian Bauxite Resources			Sieved at 0.26mm											Over-burden m	Internal Waste m
Resource category	Tonnes millions	Bauxite Thick- ness	Al ₂ O ₃ Avl % 225°	Al ₂ O ₃ Avl % 143°	Rx SiO ₂ %	Avl/Rx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	Yield %		
Inferred	5.7 Mt	3.8 m	39.5	37.6	3.2	11.9	44.1	4.3	10.4	22.8	3.1	25.0	55%	1.5 m	0.1 m
TOTAL	5.7 Mt	3.8 m	39.5	37.6	3.2	11.9	44.1	4.3	10.4	22.8	3.1	25.0	55%	1.5 m	0.1 m

Cut-off grades applied: Minimum 30% available Al₂O₃ at 143 degrees, 2m thickness, 350m search ellipse for each 25m x 25m block. Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Al₂O₃ Avl % 225°" is estimated available alumina at 225 degrees C based on metallurgical testwork. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂) and "A/S" ratio is Al₂O₃/SiO₂. Values above 10 are excellent. Tonnage is for bauxite in-situ. Yield is for screening all samples at 0.26mm. The significant tonnages requiring no upgrade will have 100% yield.

Mining Lease ML80126, QLD

Cut-off 25% Al ₂ O ₃ Avl			Sieved at 0.26mm											
Resource category	Tonnes millions	Bauxite Thick-ness	Al ₂ O ₃ Avl % 143°	Rx SiO ₂ %	Avl/Rx Ratio	Al ₂ O ₃ %	SiO ₂ %	A/S Ratio	Fe ₂ O ₃ %	TiO ₂ %	LOI %	Yield %	Over-burden m	Internal Waste m
Inferred	3.5 Mt	4.9 m	32.8	5.2	6.3	40.2	7.2	5.6	25.3	4.9	21.7	67%	1.5 m	0 m
TOTAL	3.5 Mt	4.9 m	32.8	5.2	6.3	40.2	7.2	5.6	25.3	4.9	21.7	67%	1.5 m	0 m

Cut-off grades applied: Minimum 25% available Al₂O₃ Avl, 2m thickness, 200m search ellipse. Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂) and "A/S" ratio is Al₂O₃/SiO₂. Avl/Rx values above 6 are good. Tonnage is for bauxite in-situ. Yield is for screening all samples at 0.26mm. The significant tonnages requiring no upgrade will have 100% yield.

Governance arrangements and internal controls – Mineral Resources

ABx has ensured that the Mineral Resource estimates quoted above are subject to governance arrangements and internal controls. The resource estimates have been externally derived by an independent consulting organisation whose staff have exposure to best practice in modelling and estimation techniques. Geology models have been generated by ABx staff and have been reviewed by the external resource consultant. The consultant has also carried out reviews of the quality and suitability of the data underlying the Mineral Resource estimate. In turn, ABx management and executives have carried out numerous internal reviews of the Mineral Resource estimate to ensure that it honours the ABx geological model and has been classified and reported in accordance with the JORC Code (2004).

The information in this report that relates to Mineral Resources is based on previously released reports:

- ¹ ASX Inverell JORC Resource Update, 38.0 Million Tonnes created on 08/05/2012
- ² ASX Taralga Bauxite Resource Increased 50% to 37.9 Million Tonnes created on 30/05/2012
- ³ ASX Maiden Guyra Resource, 6.0 Million Tonnes created on 15/08/2011
- ⁴ ASX Binjour Maiden Resource, 24.5 Million Tonnes created on 29/07/2012
- ⁵ ASX Maiden Tasmania JORC Resource, 5.7 Million Tonnes created on 08/11/2012
- ⁶ ASX Maiden QLD Mining Lease JORC Resource, 3.5 Million Tonnes created on 03/12/2012

ABx confirms in this report that it is not aware of any new information or data that materially affects the information included in the previously released reports. In the case of estimates of Mineral Resources or Ore Reserves, the company confirms that all material assumptions and technical parameters.

Direct Shipping Bauxite or "Direct Shipping "Ore"

All references in this report to direct shipping bauxite or direct shipping ore (DSO) refers to the company's exploration objective of defining or identifying DSO grade mineralisation.

True Width

The true-width of the deposit is not known and will be determined by further resource definition drilling.

Definitions

DSO bauxite	Bauxite that can be exported directly with minimal processing
Averaging method	Aggregated average grades in the tables are length-yield-weighted averages of each metre's yields & grades.

Qualifying statements

The information in this report that relate to Exploration Information 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 are directors of Australian Bauxite Limited.

This information 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 Resources. 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.

For personal use only

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 year ended 31 December 2013.

Principal activities The principal continuing activities of the Group for the financial year were conducting the bauxite exploration and development programs in Queensland, New South Wales, and Tasmania.

Consolidated results The net consolidated loss of the Group for the year ended 31 December 2013 was \$1,719,014 (2012: net loss \$1,103,697). The consolidated loss arises largely from the exploration activities during the year in Eastern Australia and Tasmania.

Total Shareholders' Funds as at 31 December 2013 are \$15.6 million.

Additional information on the operations of the Group is disclosed in both the Chairman's Review and the Review of Operations section of this report.

Review of operations 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 5 to 27 of this annual report.

Dividends 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 financial year and up to the date of this report, unless otherwise stated:

John Dawkins AO	Non-Executive Chairman	
Ian Levy	Managing Director & CEO	
Rado Jacob Rebek	Executive Director	Retired 18 March 2014
Ken Boundy	Non-Executive Director	
Paul A Lennon	Non-Executive Director	Appointed 28 November 2013
Peter J Meers	Executive Deputy Chairman	Retired 30 December 2013
Wei Huang	Non-Executive Director	Retired 30 December 2013

The number of Directors' Meetings and Directors' Committee Meetings held, and the number of meetings attended, by each of the Directors of the Company during the financial year were:

Directors	Directors Meetings		Remuneration Committee ¹		Audit Committee ²	
	Attended	Held whilst in office	Attended	Held whilst in office	Attended	Held whilst in office
John Dawkins	6	6	-	-	2	2
Peter Meers ⁴	5	6	-	-	2	2
Ian Levy	6	6	-	-	2	2
Wei Huang ⁴	6	6	1	1	2	2
Rado Jacob Rebek ³	5	6	-	-	1	2
Ken Boundy	6	6	1	1	2	2
Paul A Lennon ⁵	1	1	-	-	0	0

¹ From 30 December 2013, the Remuneration Committee is made up of the whole board

² The Audit Committee is made up the whole board

³ Chief Geologist Rado Jacob Rebek travels extensively on Company business

⁴ Peter Meers and Wei Huang retired on 30 December 2013

⁵ Paul A Lennon appointed on 28 November 2013

INFORMATION ON DIRECTORS AND MANAGEMENT

Directors

John S Dawkins AO, BEc, RDA

Non-Executive Chairman of Australian Bauxite Limited - Appointed on 7 December 2011

Experience and expertise	<p>Mr Dawkins earliest exposure to the mining industry was when, as Minister for Trade in the Hawke Government, he was responsible for the administration of export controls on certain minerals until he proposed the abolition of these arrangements in order to improve the operation of the market.</p> <p>During his time in Government, Mr Dawkins served in a number of other portfolios including Minister for Finance (1983-1984), Minister for Employment, Education and Training (1987-1991) and Treasurer (1991-1993) in the Keating Government.</p> <p>Mr Dawkins brings to the Group a wealth of governance experience, including prominent roles in public and private institutions. He chairs the Australian Qualifications Framework Council and the Board of Governors of the Institute for International Trade at the University of Adelaide, co-chairs the unlisted Government Relations Australia Advisory Ltd and is a trustee director of CBUS Super.</p>
Other Current Directorships of Listed Companies	<p>Non-Executive Chairman of Sovereign Gold Company Limited</p> <p>Non-Executive Director of Tiara Coal Limited</p> <p>Non-Executive Chairman of Precious Metal Resources Limited</p> <p>Non-Executive Chairman of ILH Limited</p> <p>Non-Executive Chairman Vocation Limited</p>
Former Directorships in the Last 3 Years of Listed Companies	<p>Director of Archer Exploration Limited</p> <p>Director of MGM Wireless Limited</p>
Special Responsibilities	<p>Chairman of the Board</p>
Interests in Shares	<p>411,728 Shares-indirectly held*</p>

* Mr Dawkins acquired an indirect interest in 61,728 shares subsequent to 31 December 2013.

Ian Levy, BSc (Hons), MSc (Dist) DIC FAusIMM FAIG

Managing Director and CEO of Australian Bauxite Limited - Appointed on 23 September 2009

Experience and expertise	<p>Ian Levy has thirty years senior management experience with small to large mining companies, including WMC, Pancontinental Mining, Gympie Gold and CEO of Allegiance Mining, involving development of bauxite, gold, coal, base metals, nickel and industrial minerals projects from discovery to marketing. He was a former founding Director of Gloucester Coal. He was a member of the Joint Ore Reserves Committee (JORC) for 11 years including 4 years as Vice Chairman and Federal President, Australian Institute of Geoscientists.</p>
Other Current Directorships of Listed Companies	<p>None</p>
Former Directorships in the Last Three Years of Listed Companies	<p>Chairman of Dynasty Resources Limited (formerly Dynasty Metal Resources Limited)</p>
Special Responsibilities	<p>Managing Director and Chief Executive Officer</p>
Interests in Shares	<p>2,970,189 Shares- indirectly held*</p>

* Mr Levy acquired an indirect interest in 61,728 shares subsequent to 31 December 2013.

Ken Boundy, MBA, M Agr Sc, Fellow of AIM, AIAST**Non-Executive Director of Australian Bauxite Limited - Appointed on 6 June 2012**

Experience and expertise	Mr Boundy is a company director, strategy consultant and businessman – with particular interests in international marketing. Previously Mr Boundy was Managing Director of the Australian Tourist Commission (and then Tourism Australia) from 2001 to 2005, following 15 years in leadership roles in the private sector which covered Divisional Head and CEO roles in the food, wine and building materials industries.
Other Current Directorships of Listed Companies	Non-Executive Director of Net Comm Wireless Limited.
Former Directorships in the Last Three Years of Listed Companies	Director of Dexion Limited Non-Executive Director of Hudson Resources Limited
Special Responsibilities	Member of the Remuneration and Audit Committee
Interests in Shares	180,000 Shares – directly held

Paul Anthony Lennon**Non-Executive Director of Australian Bauxite Limited - Appointed on 28 November 2013**

Experience and expertise	Mr Lennon served as the 42 nd Premier of Tasmania for 4 years (2004-2008) and Treasurer (2004-2006). His experience in the resources sector is considerable. He was the Minister for Infrastructure, Energy and Resources (1998-2002), and later Minister for Economic Development, Energy and Resources (2002-2004) while Mr Lennon was the Deputy Premier of Tasmania from (1998-2004). Aside from this prominent ministerial experience, Mr Lennon has previously held senior positions working for and representing trade organisations and workers throughout the 1980's. This experience allowed Mr Lennon to lead negotiations with European, UK, American and Chinese companies in commercial matters of state and national significance.
Other Current Directorships of Listed Companies	None
Former Directorships in the Last Three Years of Listed Companies	None
Special Responsibilities	Member of the Remuneration and Audit Committee
Interests in Shares	161,728 shares – indirectly held*

* Mr Lennon acquired an indirect interest in 61,728 shares subsequent to 31 December 2013.

Rado Jacob Rebek , Cert. App.Geo

Executive Director of Australian Bauxite Limited - Appointed on 23 September 2009 retired on 18 March 2014

Experience and expertise	Jacob Rebek is a geologist with forty years' experience in exploration. From 1970 to 2003 he worked at CRA Exploration and Rio Tinto in various parts of Australia and overseas. His roles included that of Exploration Manager for Papua New Guinea in the 1970's, South Australia and Northern Territory from 1981 to 1984, Eastern Australia from 1987 to 1993 and Exploration Director for South America from 1997 to 2000. He worked in teams which discovered new zinc, copper and gold deposits. Since 2003 he worked for emerging companies, generating new projects. In 2006 he started working for Hudson Resources Limited as Chief Geologist.
Other Current Directorships of Listed Companies	Executive Director of Tiaro Coal Limited Non-Executive Director of Sovereign Gold Company Limited Chief Executive Officer of Precious Metal Resources Limited
Former Directorships in the Last Three Years of Listed Companies	None
Special Responsibilities	Chief Geologist
Interests in Shares	500,000 Shares directly held; 70,000 Shares indirectly held.

Peter J Meers, BA (Economics), FAIB

Executive Deputy Chairman of Australian Bauxite Limited - Appointed on 23 September 2009 retired on 30 December 2013

Wei Huang BEcon MCom, CPA

Non-Executive Director of Australian Bauxite Limited - Appointed on 23 September 2009 Retired on 30 December 2013

Officers**Julian Rockett, B.A., LL.B. GDLP****Joint Company Secretary****Experience and expertise**

Mr Rockett was appointed to the position of Joint Company Secretary on 27 July 2012. His background is in government services and previously worked at a Sydney commercial litigation practice. Mr Rockett is Joint Company Secretary of Hudson Resources Limited, Precious Metal Resources, Australian Bauxite Limited, Raffles Capital Limited, and Sovereign Gold Company Limited and Company Secretary of Tiaro Coal Limited and Hudson Investment Group Limited and provides secretarial assistance to Raffles Capital Limited and Sovereign Gold Company Limited. In addition, Mr Rockett is In-house Legal Counsel to Hudson Investment Group Limited and provides corporate legal advice to a number of listed and non-listed corporate entities.

Henry Kinstlinger**Joint Company Secretary****Experience and expertise**

Henry Kinstlinger has, for the past thirty years, been actively involved in the financial and corporate management of a number of public companies and non-governmental organisations. He is currently the Joint Company Secretary of Australian Bauxite Limited, Sovereign Gold Company Limited, Precious Metal Resources Limited, and Raffles Capitals Limited. He is a corporate consultant with broad experience in investor and community relations and corporate and statutory compliance.

Francis Choy MCom MBA FCPA (HK) FCPA CA	Chief Financial Officer
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Experience and expertise

Francis Choy has held a number of senior positions in corporate financial management roles throughout Australia and South East Asia. He has extensive experience in project finance, compliance, acquisition and investment appraisals. He has been involved in project financing, financial management of property development and telecommunication projects in South East Asia. He held senior financial roles for numerous public listed companies both in Hong Kong and Australia.

Likely developments

Information on likely developments in the operations of the ABx Group, known at the date of this report has been covered generally within the report. In the opinion of the Directors providing further information would prejudice the interests of the Group.

Significant changes in nature of activities

Please refer Review of Operations section for details.

Matters subsequent to balance date

At the date of this report, apart from the retirement of Jacob Rebek on 18 March 2014, there are no other matters or circumstances which have arisen since 31 December 2013 that have significantly affected or may significantly affect:

- The operations, in financial years subsequent to 31 December 2013, of the Group;
- The results of those operations; or
- The state of affairs, in financial years subsequent to 31 December 2013, 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 *Queensland Government Environmental Protection Act (1994)* as reprinted February 2007.
- The Company's operations in the State of NSW involve exploration activities including drilling. These operations are governed by the *Environment Planning and Assessment Act 1979*.
- The Company's operations in the State of Tasmania involve exploration activities including drilling. 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.

Environmental Code of Practice for Bauxite mineral exploration

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 Eastern 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.

REMUNERATION REPORT – AUDITED

This information provided in this Remuneration Report has been audited as required under section 308 (3C) of the *Corporations Act 2001*.

This report outlines the remuneration arrangements in place for Directors and Executives of the Company.

Remuneration committee

The Remuneration Committee reviews and approves policy for determining Executive's remuneration and any amendments to that policy. The Committee makes recommendations to the Board on the remuneration of Executive Directors (including base salary, incentive payments, equity awards and service contracts) and remuneration issues for Non-Executive Directors.

Following the retirement of Wei Huang on 30 December 2013, the full board assumed the responsibility of comprising the Remuneration Committee. Prior to this, during the period the members of the Remuneration Committee were:

- Ken Boundy
- Wei Huang (retired 30 December 2013)

The Committee meets as often as required but not less than once per year.

The Committee met once during the year as disclosed in the table of Directors Meetings disclosed on page 28.

Options granted to directors and key management personnel do not have performance conditions. As such the Group does not have a policy for directors and key management personnel removing the "at risk" aspect of options granted to them as part of their remuneration.

Directors' and other Key Management Personnel remuneration

The following persons were Directors of the Company during the whole financial year, unless otherwise stated.

John Dawkins AO	Non-Executive Chairman	
Ian Levy	Managing Director and CEO	
Ken Boundy	Non-Executive Director	
Paul A Lennon	Non-Executive Director	Appointed 28 November 2013
Rado Jacob Rebek	Executive Director	Retired 18 March 2014
Peter J Meers	Executive Deputy Chairman	Retired 30 December 2013
Wei Huang	Non-Executive Director	Retired 30 December 2013

The following persons were other key management personnel of the Company during the financial year:

Julian Rockett	Joint Company Secretary
Henry Kinstlinger	Joint Company Secretary
Benny Amzalak	Investor Relationship Officer
Francis Choy	Chief Financial Officer

Executive's remuneration and other terms of employment are reviewed annually having regard to relevant comparative information and independent expert advice. As well as basic salary, remuneration packages include superannuation. Directors are also able to participate in an Employee Share Option Plan.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Group's operations.

Consideration is also given to reasonableness, acceptability to shareholders and appropriateness for the current level of operations.

Remuneration of Non-Executive Directors is determined by the Board based on recommendations from the Remuneration Committee and the maximum amount approved by shareholders from time to time.

Performance conditions

The elements of remuneration as detailed within the Remuneration Report are dependent on the satisfaction of the individual's performance and the Group's financial performance.

The Board undertakes an annual review of its performance and the performance of the Board Committees.

Details of the nature and amount of each element of the remuneration of each Director of the Company and each specified executive of the Company and the Group receiving the highest remuneration are set out in the following tables. The remuneration amounts are the same for the Company and the Group.

Directors and Other Key Management Personnel of Australian Bauxite Limited

Consolidated 2013	Short Term Employee Benefits		Post Employment Benefits	Long Term Benefits		
	Salary & other fees	Travelling Allowance	Super- annuation	Long Service Leave	Share Based Payments	Total
Directors	\$	\$	\$	\$	\$	\$
John Dawkins AO	27,272	-	-	-	-	27,272
Peter Meers	20,000	-	-	-	-	20,000
Ian Levy	-	-	-	-	-	-
Rado Jacob Rebek	52,000	9,000	-	-	-	61,000
Ken Boundy	15,000	-	-	-	-	15,000
Wei Huang	20,000	-	-	-	-	20,000
Paul A Lennon	-	-	-	-	-	-
Total-Directors	134,272	9,000	-	-	-	143,272
Other Key Management Personnel						
Julian Rockett	-	-	-	-	-	-
Henry Kinstlinger	109,890	10,800	-	-	-	120,690
Benjamin Amzalak	60,000	-	-	-	-	60,000
Francis Choy	-	-	-	-	-	-
Total-KMP	169,890	10,800	-	-	-	180,690
Consolidated 2012	Short Term Employee Benefits		Post Employment Benefits	Long Term Benefits		
	Salary & other fees	Travelling Allowance	Super- annuation	Long Service Leave	Share Based Payments	Total
Directors	\$	\$	\$	\$	\$	\$
John Dawkins AO	37,879	-	-	-	-	37,879
Peter Meers	20,000	-	-	-	-	20,000
Ian Levy	250,000	-	-	-	-	250,000
Rado Jacob Rebek	128,000	10,800	-	-	-	138,800
Ken Boundy	-	-	-	-	-	-
Vincent Tan	28,333	-	-	-	-	28,333
Wei Huang	20,000	-	-	-	-	20,000
Total-Directors	484,212	10,800	-	-	-	495,012
Other KMP						
David L Hughes	-	-	-	-	-	-
Henry Kinstlinger	104,895	10,800	-	-	-	115,695
Benny Amzalak	61,800	-	-	-	-	61,800
Francis Choy	-	-	-	-	-	-
Total-KMP	166,695	10,800	-	-	-	177,495

The amounts reported represent the total remuneration paid by entities in the Australian Bauxite Group of companies in relation to managing the affairs of all the entities within the Australian Bauxite Group.

There is no performance conditions related to any of the above payments.

There is no other element of Directors and Executives remuneration.

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 for the year 2013.

Service agreements

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

The term of the 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.

Share options granted to Directors and Other Key Management Personnel

For details please refer to Note 24 of the financial statements.

End of audited remuneration report.

Loans to Directors and Key Management Personnel

Details of individuals with loans above \$100,000 during the year are set out below.

	Balance at the start of the year	Advance/ (Repayments)	Interest payable for the year	Balance at the end of the year	Highest indebtedness during the year	Additional interest otherwise payable*
	\$	\$	\$	\$	\$	\$
KMP 2013						
Henry Kinstlinger						
- ESOP	616,934	-	46,800	663,734	663,734	15,600
- unsecured loan	31,213	-	2,700	33,913	33,913	900
Benjamin Amzalak	502,816	75,000	46,270	624,086	624,086	15,424
Benjamin Amzalak	-	35,000	604	35,604	35,604	-
2012						
Henry Kinstlinger						
- ESOP	570,005	-	46,929	616,934	616,934	15,644
-unsecured loan	-	30,000	1,213	31,213	31,213	404
Benjamin Amzalak	462,205	-	40,611	502,816	502,816	13,538

* Market interest rate 6.0% (2012: 6%). This represents the difference between interest charged at the latter and interest paid.

Terms and conditions of loans

The full recourse loan partly relates to the individual's participation in the Company's Employee Share Option Plan. Loans are secured against the shares only. A second unsecured interest bearing full recourse loan of \$30,000 was advanced to the in 2012. Loans are repayable should the employee leave the Company. A provision of \$434,000 was made in 2013. None were written down during the year.

An interest bearing full recourse loan of \$450,000 was advanced to a consultant. The loan is secured against shares. A second unsecured interest bearing full recourse loan of \$35,000 was advanced in 2013. The loan is repayable should the consultant leave the Company. A provision of \$430,000 was made in 2013. None were written down during the year.

There were no other loans made to Directors or Specified Executives of the Company and the Group during the period commencing at the beginning of the financial year and up to the date of this report.

Shares under option

Unissued ordinary shares of Australian Bauxite Limited under option at the date of this report are as follows:

Class	Date options granted	Expiry Date	Exercise Price	No. of Options
Performance Options*				
- unallocated			\$0.30	1,380,000
				1,380,000

* Unallocated options under the Employee Share Option Plan, expiry date is three years from date of issue.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Shares issued on the exercise of options

420,000 Performance Options were exercised in November 2013 and 500,000 Success Options expired on 15 August 2013.

In 2012, 1,150,000 Shares were issued pursuant to the exercise of 1,150,000 Employee Share Options.

Directors' and Officers' indemnities and insurance

During the financial year Australian Bauxite Limited (holding company) paid an insurance premium, insuring the Company's Directors, (as named in this report), Company Secretary, Executive officers and employees against liabilities not prohibited from insurance by the *Corporations Act 2001*.

A confidentiality clause in the insurance contract prohibits disclosure of the amount of the premium and the nature of insured liabilities.

Proceedings on behalf of the Company

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in or on behalf of the Company with leave of the Court under Section 237 of the *Corporations Act 2001*.

Auditor's independence declaration

The auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 40.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor (K.S. Black & Co) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity:

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$	\$	\$	\$
Audit services:				
Amounts paid or payable to auditors for audit and review of the financial report for the entity or any entity in the Group				
Audit and review services	27,505	26,195	27,505	26,195
Taxation and other advisory services:				
Amounts paid or payable to auditors for non-audit taxation and advisory services for the entity or any entity in the Group				
Taxation	8,545	8,135	8,545	8,135
Advisory services	-	3,445	-	3,445
	8,545	11,580	8,545	11,580

The Directors' Report, incorporating the Remuneration Report, is signed in accordance with a Resolution of the Board of Directors.



Ian Levy
Managing Director & Chief Executive Officer



John Dawkins
Director

Signed at Sydney
21 March 2014

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AUDITOR'S INDEPENDENCE DECLARATION

Declaration of independence to the Directors of Australian Bauxite Limited and Controlled Entities

As lead auditor of Australian Bauxite Limited for the 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 audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Bauxite Limited and the entities it controlled during the year.

KS Black & Co
Chartered Accountants



Faizal Ajmat
Partner

Sydney, 21 March 2014

CORPORATE GOVERNANCE STATEMENT

Australian Bauxite Limited (the **Company**) provides the following statement disclosing the extent to which the Company has followed the best practice recommendations set by the Australian Securities Exchange (**ASX**) Corporate Governance Council and where the Company has not followed all the recommendations, this fact has been disclosed together with the reason for the departure.

Overview

The Company and the Board of Directors are committed to achieving and demonstrating the highest standards of corporate governance and aim to comply with the “Principles of Good Corporate Governance and Best Practice recommendations” set by the ASX Corporate Governance Council.

However, given the current size of both the Company’s operations and the Board of Directors, it is not appropriate, cost effective or practical to comply fully with those principles and recommendations.

Where a recommendation has not been followed this fact has been disclosed together with the reasons for the departure. Consistent with the ASX best practice recommendations, the company’s corporate governance practices are regularly reviewed and are available on the Company’s website.

Compliance with ASX Corporate Governance Council best practice recommendations

The ASX Listing Rules require public listed companies to include in their annual report a statement regarding the extent to which they have adopted to ASX Corporate Governance Council best practice recommendations.

This statement provides details of the Company’s adoption of the best practice recommendations.

Principle 1 – Lay solid foundations for management and oversight

Companies should establish and disclose the respective roles and responsibilities of Board and management.

Board responsibilities

The Board of directors is accountable to shareholders for the performance of the group. In carrying out its responsibilities, the Board undertakes to serve the interest of shareholders honestly, fairly and diligently. The Board’s responsibilities will be encompassed in a formal charter published on the Company’s website. The charter is reviewed annually to determine whether any changes are necessary or desirable.

The responsibilities of the Board include:

- Reporting to shareholders and the market;
- Ensuring adequate risk management processes exist and are complied with;
- Reviewing internal controls and external audit reports;
- Ensuring regulatory compliance;
- Monitoring financial performance, including approval of the annual and half-yearly financial reports and liaison with the Company auditors;
- Reviewing the performance of senior management;
- Monitoring the Board composition, Director selection and Board processes and performance;
- Validating and approving corporate strategy;
- Reviewing the assumptions and rationale underlying the annual plans; and
- Authorising and monitoring major investment and strategic commitments.

Directors’ education

The Company issues a formal letter of appointment for new directors setting out the terms and conditions relevant to that appointment and the expectations of the role of the director.

The Company also provides a formal induction process which provides key information on the nature of the business and its operations.

Continuing education is provided via the regular Board updates provided by the chief executive officer.

Role of Chairman

The Chairman is appointed by fellow Board members and acts as the link between the Board and the Chief Executive Officer (**CEO**).

He acts as the link between the Board and the Company, establishing and maintaining an effective working relationship with the CEO. The Chairman sets the tone for the Board, including the establishment

of a common purpose. He is responsible for chairing Board meetings and shaping the agenda in relation to goals, strategy, budget and executive performance.

The Chairman ensures all Board members contribute and reach consensus in making decisions. He also assists in the selection of Board committee members.

The Chairman provides direction to the Board in matters of corporate governance.

Role of Chief Executive Officer

The Board delegates responsibility for implementing the strategic direction and for managing the day to day operations of the Company to the CEO.

There are clear lines of communication established between the Chairman and CEO to ensure that the responsibilities and accountabilities of each are clearly understood.

The CEO has a formal service contract in place setting out duties, responsibilities, and rights, conditions of service and termination entitlements. Performance will be assessed against pre-determined objectives on an annual basis or more frequently if required.

The assessment and monitoring of the CEO is the responsibility of the Chairman. The Chairman provides an initial assessment and recommendation to the Board. The matter is then considered by the Board and their views are communicated to the CEO by the Chairman.

Principle 2 – Structure the Board to add value

Companies should have a Board of an effective composition, size and commitment to efficiently discharge its responsibilities and duties.

Composition of the Board

The Board of Directors is comprised of one Executive director and three Non-Executive directors, all of whom have a broad range of skills and experience.

In determining independence the Board has regard to the guidelines of directors' independence in the ASX Corporate Governance Council and Best practice Recommendations and other best practice guidelines.

Each director's independent status is regularly assessed by the Board.

The Company does comply with recommendation 2.1 which provides that a majority of the Board be independent directors.

The Board considers that its composition provides for the timely and efficient decision making required for the Company in its current circumstances.

The Board's size and composition is subject to limits imposed by the Company's constitution which provides for a minimum of three directors and a maximum of ten. Details of the Board, their experience, expertise and qualifications are set out in the Directors Report on pages 29 to 32.

The position/status and time in office of each director at the date of Annual Report is as follows:

Name of Director	Position/Status	Time in Office
John Dawkins AO	Non-Executive Chairman (Independent)	2 year 4 months
Ian Levy	Managing Director (Non-independent)	4 years 6 months
Ken Boundy	Non-Executive Director (Independent)	1 year 9 months
Paul A Lennon	Non-Executive Director (Independent)	4 months

The Board currently holds 6 scheduled meetings each year together with any ad hoc meetings as may be necessary. The Board met 6 times during the year and Directors attendance is disclosed on page 28 of the Directors' Report.

Access to independent professional advice

All directors are required to bring an independent judgement to bear on Board decisions.

To facilitate this, the Board has adopted a procedure which allows each Director the right of access to all relevant Company information and to the Company's Executives. The directors also have access to external resources as required to fully discharge their obligations as Directors of the Company. The use of these resources is co-ordinated through the Chairman of the Board.

Nomination Committee

The role of the Nomination Committee is undertaken by the full Board.

The Board reviews its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reasons, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board will select appropriate candidates with relevant qualifications, skills and experience. External advisors may be used to assist in such a process. The Board will then appoint the most suitable candidate who must stand for election at the next general meeting of shareholders.

For directors retiring by rotation the Board assesses that Director before recommending re-election.

The Company has not adopted recommendation 2.4 in that the Board has not yet formed a separate Nomination Committee. The Board considers that the Company and the Board are currently not of sufficient size to warrant the establishment of a separate Nomination Committee.

Board performance evaluation

The Company has processes in place to review the performance of the Board and its committees and individual directors. Each year the Board of Directors will give consideration to broad corporate governance matters, including the relevance of existing committees and to reviewing its own and individual directors' performance. The Chairman is responsible for monitoring the contribution of individual directors and consulting with them in any areas of improvement.

Principle 3 – Promote Ethical and responsible decision making

Companies should actively promote ethical and responsible decision making.

Code of conduct

The Board acknowledges the need for continued maintenance of the highest standards of Corporate Governance Practices and ethical conduct by all Directors and employees of the consolidated entity.

The Company has established a code of conduct applicable to all Directors and employees. The requirement to comply with the code is mandatory and is communicated to all employees. The code sets out standards of conduct, behaviour and professionalism.

The shareholder communications policy, the securities trading policy, the continuous disclosure policy collectively form a solid ethical foundation for the Company's ethical practices, copies of these documents has been posted on the Company's website.

Policy on dealing in Company securities

The Company has a policy on how and when the Directors and employees may deal in the Company's securities.

The purpose of this policy is to ensure that the Directors and employees deal in the Company's securities in a manner which properly reflects their fiduciary duty, and that they do not transact in those securities whilst in possession of price sensitive information.

This policy requires that all Directors and employees to seek approval from the Chairman and CEO prior to dealing in the Company's securities.

The Company maintains compliance standards and procedures to ensure that the policy is properly implemented. In addition there is also an internal review mechanism to assess compliance and effectiveness.

Details of both the Company's Code of Conduct and Share Trading Policy have been posted on the Company's website.

Approach to diversity

The Board recognises the benefits of diversity at Boards in senior management and within the organisation generally and recognises the organisational strengths, deeper problem solving ability and opportunity for innovation that diversity brings to an organisation.

The Company has established a diversity policy which set out the beliefs, goals and strategies of the Company and makes reference to all the characteristics that makes individuals different from each other. The policy sets out the positive steps taken to ensure that current and prospective employees are not discriminated against, either directly or indirectly on such characteristics as gender, age, disability, marital status, sexual orientation, religion, ethnicity or any other area of potential difference. The Company is committed to gender diversity at all levels of the organisation. Gender equality is a key component of the Company's diversity strategy. The implementation of this policy aims to reflect both the circumstances of the Company and the industry in which it operates.

The Company's diversity policy includes a requirement that:

- the Board establish measurable objectives for achieving gender diversity;
- the Board assess annually the objectives set for achieving gender diversity; and
- the Board assess annually the progress made towards achieving the objectives set.

Representation of female employees in the organisation workforce is as follows:

	Actual at 31 December 2013		Company Objective		Progress towards meeting objective	
	Number	Percentage	Number	Percentage	Number	Percentage
Whole organisation	4	13%	5	35.7%	-	-
Senior Executive Positions	-	-	2	50%	-	-
Board	-	-	1	-	-	-

A copy of the Company's diversity policy has been posted on the Company's website.

Principle 4 – Safeguard integrity in financial reporting

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

Audit committee

The audit committee consists of the whole board. The structure of the audit committee does not comply with recommendation 4.2 which recommends that the audit committee consists of only Non-Executive Directors and the committee should have an independent Chairperson who is not the Chairperson of the Board.

The Board considers that given its current size and structure it is neither appropriate nor cost effective for the establishment of a separate audit committee.

The committee met twice during the year. The audit committee has adopted a formal charter which sets out the responsibilities of the audit committee.

A copy of the Formal Charter is posted on the Company's website.

These responsibilities include:

- Reviewing the annual and half year financial reports to ensure compliance with Australian Accounting Standards and generally accepted accounting principles;
- Monitoring corporate risk management practices;
- Review and approval of the Group's accounting policies and procedures;
- Reviewing the external audit plans;
- Reviewing the nomination, performance and independence of the external auditors; and
- Organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board.

The audit committee has received confirmation in writing from the Chief Executive Officer and the Chief Financial Officer that the Company's Financial Report for the financial year ended 31 December 2013 presents a true and fair view in all material respects of the Company's financial position and operational results and is in accordance with relevant accounting standards.

External auditors

The full Board is responsible for the appointment, removal and remuneration of the external auditors, and reviewing the terms of their engagement, and the scope and quality of the audit. In fulfilling its responsibilities, the Board will receive regular reports from management and the external auditors at least once a year, or more frequently if necessary. The external auditors have a clear line of direct communication at any time to the Chairman of the Board.

K.S. Black & Co was appointed auditor in 2009.

The Australian accounting bodies' statement on professional independence requires mandatory rotation of audit partners for listed companies every five years.

K.S. Black & Co confirms that they conform with the requirements of the statement.

K.S. Black & Co is required to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

Principle 5 – Make timely and balanced disclosure

The Company promotes timely and balanced disclosure of any material matters concerning the Company.

The Company has a written policy on information disclosure that focuses on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities.

The Company Secretary in consultation with the Chairman is responsible for communications with the ASX. He is also responsible for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules, and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the general public. A copy of the policy is posted on the company's website.

Principle 6 – Respect the rights of shareholders

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

Communication with shareholders

The Board recognises and respects the rights of our shareholders as the beneficial owners of the Company. In order to facilitate the effective exercise of those rights, the Company has adopted a shareholder communications policy that aims to empower shareholders by:

- communicating effectively with them;
- providing easy access to balanced and understandable information about the Company; and
- encouraging and facilitating shareholder participation in general meetings.

The Company achieves this through the following avenues:

Regular mailings

The Company provides shareholders with copies of all announcements made to the ASX by mail on request. Copies are also available via an electronic link to the ASX web site, ensuring that all shareholders are kept informed about the Company.

Shareholders also have the option of receiving a hard copy of the Annual Report each year.

Email update service

An email update service has been established and is available to the general public as well as shareholders at the Company's website or upon request.

General meetings

All shareholders are invited to attend the Annual General Meetings which are held at the Company's Head Office in Sydney. The full Board and senior executives will be present and available to answer questions from the floor, as are the External Auditor and a representative from the Company's legal advisors.

A copy of the Company's Shareholder Communication Policy is posted on the Company's website. The Company also posts Corporate Information in the investor section of its company website at www.australianbauxite.com.au.

Principle 7 – Recognise and manage risks

Companies should establish a sound system of risk oversight and management and internal control.

The Board oversees the establishment, implementation and review of the Company's Risk Management System. To ensure it meets its responsibilities, the Board has implemented appropriate systems for identifying, assessing, monitoring and managing material risk throughout the organisation.

Management is required to provide bi-monthly status reports to the Board which identify potential areas of business risk arising from changes in the financial and economic circumstances of its operating environment.

The Board regularly assess the Company's performance in light of risks identified by such reports.

Management are also required to design implement and review the Company's risk management and internal control system. The Board reviews the effectiveness of the implementation of the Company's risk management and internal control system on a regular basis.

The Board does not employ an internal auditor, although as part of the Company's strategy to implement an integrated framework of control, the Board requested the external auditors review internal control procedures. Recommendations once presented are considered by the Board.

The Board has received written declaration from the Chief Executive Officer and the Chief Financial Officer that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and the Company's risk management and internal compliance and control system is operating efficiently in all material respects.

The Board requires the declaration prior to the directors signing the Company's financial statements.

Principle 8 – Remunerate fairly and responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

The Board had established a remuneration committee consisting of Ken Boundy and Wei Huang but following the retirement of Mr Huang on 30 December 2013, the full Board of directors have assumed this role.

The Committee has adopted a formal charter, a copy of which has been posted on the Company's website.

The main responsibilities of the Remuneration Committee include:

- review and approve the Group's policy for determining executive remuneration and any amendments to that policy;
- review the on-going appropriateness and relevance of the policy;
- consider and make recommendations to the Board on the remuneration of executive Directors (including base salary, incentive payments, equity awards and service contracts);
- review and approve the design of all equity based plans;
- review and approve the total proposed payments under each plan; and
- review and approve the remuneration levels for non-executive Directors.

The committee meets as often as required but not less than once per year.

The Committee met once during the year as disclosed in the table of Directors Meetings disclosed on page 28.

Executive Directors and executive remuneration

The remuneration committee reviews and approves the policy for determining executive's remuneration and any amendments to that policy.

Executive remuneration and other terms of employment are reviewed annually having regard to relevant comparative information and independent expert advice.

Remuneration packages include basic salary, superannuation and the rights of participation in the Company's Share Option Plan and Employee Share Purchase Plan.

Remuneration packages are set at levels that are intended to attract and retain executives capable of effectively managing the Company's operation.

Consideration is also given to reasonableness, acceptability to shareholders and appropriateness for the current level of operations.

Non-Executive Directors

Remuneration of Non-Executive Directors will be determined by the Board based on relevant comparative independent expert advice and the maximum amount approved by shareholders from time to time.

Directors have the right to participate in the Company's Share Option Plan and Employee Share Purchase Plan.

Further information on the Directors and Executives remuneration is included in the Remuneration Report which forms part of the Directors' Report.

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	Consolidated		Parent Entity	
		2013 \$	2012 \$	2013 \$	2012 \$
Revenue	4	821,363	757,872	811,714	702,315
		821,363	757,872	811,714	702,315
Administrative and exploration expenses		(1,459,476)	(1,371,977)	(999,033)	(1,026,337)
Consulting and professional expenses		(177,406)	(407,302)	(177,406)	(407,302)
Finance costs		(903,495)	(49,110)	(898,943)	(42,327)
Share based payment expenses	5	-	(33,180)	-	(33,180)
(Loss)/Profit before income tax expense		(1,719,014)	(1,103,697)	(1,263,668)	(806,831)
Income tax expense	6(a)	-	-	-	-
(Loss)/Profit after tax for the year		(1,719,014)	(1,103,697)	(1,263,668)	(806,831)
Other Comprehensive Income					
Other comprehensive income for the year net of tax		-	-	-	-
Total comprehensive (loss)/income attributable to members of the consolidated entity		(1,719,014)	(1,103,697)	(1,263,668)	(806,831)
		Cents	Cents		
Basic (loss)/earnings per share (cents)	23	(1.51)	(1.06)		
Diluted (loss)/earnings per share (cents)	23	(1.49)	(1.04)		

The above Statement should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION**As at 31 December 2013**

	Notes	Consolidated		Parent Entity	
		2013	2012	2013	2012
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	7	1,323,559	2,016,870	1,037,716	1,614,846
Trade and other receivables	8	722,406	672,252	644,240	633,833
Other current assets	9	8,927	52,433	8,927	52,433
Total current assets		2,054,892	2,741,555	1,690,883	2,301,112
Non-current assets					
Trade and other receivables	8	356,001	616,934	14,392,552	12,135,046
Plant and equipment	10	63,356	94,416	63,356	94,416
Mining tenements	11	13,117,454	11,049,562	-	-
Financial assets	12	15,000	15,000	15,500	15,500
Total non-current assets		13,551,811	11,775,912	14,471,408	12,244,962
Total Assets		15,606,703	14,517,467	16,162,291	14,546,074
LIABILITIES					
Current liabilities					
Trade and other payables	13	22,909	139,958	11,069	56,483
Employee benefits provision	14	35,082	60,006	35,082	60,006
Other Liabilities	15	11,130	10,600	11,130	10,600
Total current liabilities		69,121	210,564	57,281	127,089
Non-current liabilities					
Employee benefits provision	14	27,113	37,099	27,113	37,099
Total non-current liabilities		27,113	37,099	27,113	37,099
Total Liabilities		96,234	247,663	84,394	164,188
Net Assets		15,510,469	14,269,804	16,077,897	14,381,886
EQUITY					
Issued capital	16	19,755,679	16,796,000	19,755,679	16,796,000
Reserves	17	593,250	593,250	593,250	593,250
Accumulated losses		(4,838,460)	(3,119,446)	(4,271,032)	(3,007,364)
Total Equity		15,510,469	14,269,804	16,077,897	14,381,886

The above Statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

Consolidated	Notes	Issued Capital	Options Reserve	Accumulated Losses	Total Equity
		\$	\$	\$	\$
Balance at 1 January 2013		16,796,000	593,250	(3,119,446)	14,269,804
Contributions of equity		3,135,000	-	-	3,135,000
Share issuing cost		(175,321)	-	-	(175,321)
Options issued		-	-	-	-
Loss for the year		-	-	(1,719,014)	(1,719,014)
Balance at 31 December 2013		19,755,679	593,250	(4,838,460)	15,510,469
Balance at 1 January 2012		14,444,118	560,070	(2,015,749)	12,988,439
Contributions of equity		2,477,850	-	-	2,477,850
Share issuing cost		(125,968)	-	-	(125,968)
Options issued		-	33,180	-	33,180
Loss for the year		-	-	(1,103,697)	(1,103,697)
Balance at 31 December 2012		16,796,000	593,250	(3,119,446)	14,269,804
Parent Entity		Issued Capital	Options Reserve	Accumulated Losses	Total Equity
		\$	\$	\$	\$
Balance at 1 January 2013		16,796,000	593,250	(3,007,364)	14,381,886
Contributions of equity		3,135,000	-	-	3,135,000
Share issuing cost		(175,321)	-	-	(175,321)
Options issued		-	-	-	-
Loss for the year		-	-	(1,263,668)	(1,263,668)
Balance at 31 December 2013		19,755,679	593,250	(4,271,032)	16,077,897
Balance at 1 January 2012		14,444,118	560,070	(2,200,533)	12,803,655
Contributions of equity		2,477,850	-	-	2,477,850
Share issuing cost		(125,968)	-	-	(125,968)
Options issued		-	33,180	-	33,180
Loss for the year		-	-	(806,831)	(806,831)
Balance at 31 December 2012		16,796,000	593,250	(3,007,364)	14,381,886

The above Statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS**For the year ended 31 December 2013**

Notes	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$	\$	\$	\$
Cash flows from operating activities				
Receipts from customers	-	-	-	-
Payments to suppliers and employees	(4,045,116)	(4,066,023)	(1,103,348)	(843,983)
Interest received	67,090	184,269	59,941	156,714
Net cash (outflow)/inflow from operating activities	(3,978,026)	(3,881,754)	(1,043,407)	(687,269)
Cash flows from investing activities				
Acquisition of plant and equipment	(1,796)	(3,722)	(1,796)	(3,722)
Acquisition of investment	-	(15,000)	-	(15,000)
Advance to controlled entities	-	-	(2,818,438)	(2,230,497)
Repayment/(Advance) to other party	(236,000)	(230,000)	(236,000)	(230,000)
Government fund received	405,132	-	405,132	-
Contribution received on funded expenditures	500,000	28,000	500,000	-
Net cash inflow/(outflow) from investing activities	667,336	(220,722)	(2,151,102)	(2,479,219)
Cash flows from financing activities				
Proceeds from issues of shares	2,792,700	2,477,850	2,792,700	2,477,850
Share issuing costs	(175,321)	(125,968)	(175,321)	(125,968)
Net cash inflow/(outflow) from financing activities	2,617,379	2,351,882	2,617,379	2,351,882
Net (decrease)/increase in cash and cash equivalents	(693,311)	(1,750,594)	(577,130)	(814,606)
Cash and cash equivalents at the beginning of the year	2,016,870	3,767,464	1,614,846	2,429,452
Cash and cash equivalents at the end of the year	1,323,559	2,016,870	1,037,716	1,614,846

The above Statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. CORPORATE INFORMATION

The consolidated financial statement and notes of Australian Bauxite Limited for the year ended 31 December 2013 was authorised for issue in accordance with a resolution of the Directors and covers Australian Bauxite Limited as an individual parent entity as well as the consolidated entity consisting of Australian Bauxite Limited and its subsidiaries as required by the *Corporations Act 2001*.

The consolidated financial statement and notes is presented in Australian currency.

Australian Bauxite Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (**ASX**).

The Company was incorporated as an unlisted public company on 23 September 2009 and successfully listed on the ASX on 24 December 2009.

2. SUMMARY OF ACCOUNTING POLICIES

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.

Critical judgements

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

- 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
- 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.

2. SUMMARY OF ACCOUNTING POLICIES continued

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 (the "parent entity") as at reporting date and the results of all subsidiaries for the year then ended. Australian Bauxite Limited and its subsidiaries together are referred to in this financial report as the Group.

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

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

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

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Business Combinations

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 businesses 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.

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 interests over the acquisition date fair value of net assets acquired.

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 holdings 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.

Refer to note 25 for information on the goodwill policy adopted by the Group for acquisitions.

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 disposed 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. Reporting to management by segments is on this basis.

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 services provided is receivable.

2. SUMMARY OF ACCOUNTING POLICIES continued

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.

The Company and its wholly owned entities are part of a tax-consolidated group under Australian taxation law. Australian Bauxite Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The amounts receivable/payable under tax funding arrangements are due upon notification by the entity which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiary. These amounts are recognised as current intercompany receivables or payables.

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 and 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.

2. SUMMARY OF ACCOUNTING POLICIES continued

g. 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.

h. Cash and cash equivalents

For the purpose of the statement of cash flows, cash 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.

i. 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.

j. Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (d) less any reduction for impairment.

2. SUMMARY OF ACCOUNTING POLICIES continued

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting date. (All other loans and receivables are classified as non-current assets.)

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after reporting date. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after reporting date. (All other financial assets are classified as current assets.)

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

2. SUMMARY OF ACCOUNTING POLICIES continued

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

k. 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 expensed 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 amortised 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. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

l. Property, plant and equipment

Land and building are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measure reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and other Comprehensive Income during the financial period in which they are incurred.

2. SUMMARY OF ACCOUNTING POLICIES continued

Increases in the carrying amounts arising on revaluation of land and buildings are credited to the asset revaluation reserve in equity. A revaluation surplus is credited to the asset revaluation reserve included within shareholder's equity unless it reverses a revaluation decrease on the same asset previously recognised in the Statement of Profit or Loss and Other Comprehensive Income. A revaluation deficit is recognised in the Statement of Profit or Loss and Other Comprehensive unless it directly offsets a previous revaluation surplus on the same asset in the asset revaluation reserve.

On disposal, any revaluation reserve relating to sold assets is transferred to retained earnings. Independent valuations are performed regularly to ensure the carrying amounts of land and buildings do not differ materially from the fair value at the Statement of Financial Position date.

Land is not depreciated. Depreciation on other assets is calculated using the straight line, over their estimated useful lives, as follows:

Plant and equipment 5-15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

Any asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

m. Leases

Company as lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases, and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Capitalised leased assets are depreciated over the shorter for the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis.

Company as lessor

Lease income from operating leases is recognised in the Statement of Comprehensive Income on a straight –line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying value of the leased asset and recognised as an expense over the lease term on the bases as the lease income.

n. 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.

o. 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.

2. SUMMARY OF ACCOUNTING POLICIES continued

p. 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.

q. Contributed equity

Ordinary shares are classified as equity

r. 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 sheet 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.

s. 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.

t. New accounting standards for application

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. We have viewed these standards and interpretations and there are none having any material effect.

3. FINANCIAL RISK MANAGEMENT

a. General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Board receives reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's finance function also reviews the risk management policies and processes and reports their findings to the Audit Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. Further details regarding these policies are set out below:

b. Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group.

The maximum exposure to credit risk at balance date is as follows:

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$	\$	\$	\$
Current				
Cash and cash equivalents	1,323,559	2,016,870	1,037,716	1,614,846
Trade and other receivables	722,406	672,252	644,240	633,833
Non-Current				
Trade and other receivables	356,001	616,934	14,392,552	12,135,046
	2,401,966	3,306,056	16,074,508	14,383,725

3. FINANCIAL RISK MANAGEMENT continued

c. Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments that is, borrowing repayments. There is no bank borrowing at the balance date. It is the policy of the Board of Directors that treasury reviews and maintains adequate committed credit facilities and the ability to close-out market positions.

Maturity Analysis of financial liabilities

	Carrying Amount	Contractual Cash Flows	< 6 mths	6 - 12 mths	1 - 3 years	> 3 years
Consolidated 2013	\$	\$	\$	\$	\$	\$
Financial Liabilities						
Current						
Trade and other payables	22,909	22,909	22,909	-	-	-
Accrued payable	11,130	11,130	11,130	-	-	-
Non-Current						
Other Liabilities	-	-	-	-	-	-
Total financial liabilities at amortised cost	34,039	34,039	34,039	-	-	-
Consolidated 2012						
Financial Liabilities						
Current						
Trade and other payables	139,958	139,958	139,958	-	-	-
Accrued payable	10,600	10,600	10,600	-	-	-
Non-Current						
Other Liabilities	-	-	-	-	-	-
Total financial liabilities at amortised cost	150,558	150,558	150,558	-	-	-

3. FINANCIAL RISK MANAGEMENT

c. Liquidity Risk continued

Parent Entity 2013	Carrying Amount	Contractual Cash Flows	< 6 mths	6 - 12 mths	1 - 3 years	> 3 years
Financial Liabilities	\$	\$	\$	\$	\$	\$
Current						
Trade and other payables	11,069	11,069	11,069	-	-	-
Accrued payable	11,130	11,130	11,130	-	-	-
Non-Current						
Other Liabilities	-	-	-	-	-	-
Total financial liabilities at amortised cost	22,199	22,199	22,199	-	-	-

Parent Entity 2012						
Financial Liabilities						
Current						
Trade and other payables	56,483	56,483	56,483	-	-	-
Accrued payable	10,600	10,600	10,600	-	-	-
Non-Current						
Other Liabilities	-	-	-	-	-	-
Total financial liabilities at amortised cost	67,083	67,083	67,083	-	-	-

d. Interest rate risk

The Group is constantly monitoring its exposure to trends and fluctuations in interest rates in order to manage interest rate risk. There is no bank borrowing at the balance date; therefore there is no material exposure to interest rate risk.

Sensitivity analysis

There is no bank borrowing at the balance date.

The following tables demonstrate the sensitivity to reasonably possible changes in interest rates, with all other variables held constant, of the Group's profit after tax (through the impact on fluctuation on deposit interest rate). There is no impact on the Group's equity.

	Carrying Amount	+1% of Profit/ (Loss)	-1% of Profit/ (Loss)
Consolidated 2013	\$	\$	\$
Cash and cash equivalents	1,323,559	13,236	(13,236)
Tax charge of 30%		(3,970)	3,970
After tax increase/(decrease)	1,323,559	9,266	(9,266)

	Carrying Amount	+1% of Profit/ (Loss)	-1% of Profit/ (Loss)
Consolidated 2012	\$	\$	\$
Cash and cash equivalents	2,016,870	20,169	(20,169)
Tax charge of 30%	-	(6,051)	6,051
After tax increase/(decrease)	2,016,870	14,118	(14,118)

3. FINANCIAL RISK MANAGEMENT continued

	Carrying Amount	+1% of Profit/ (Loss)	-1% of Profit/ (Loss)
Parent Entity	\$	\$	\$
2013			
Cash and cash equivalents	1,037,716	10,377	(10,377)
Tax charge of 30%		(3,113)	3,113
After tax increase/(decrease)	1,037,716	7,264	(7,264)
	Carrying Amount	+1% of Profit/ (Loss)	-1% of Profit/ (Loss)
Parent Entity	\$	\$	\$
2012			
Cash and cash equivalents	1,614,846	16,148	(16,148)
Tax charge of 30%	-	(4,844)	4,844
After tax increase/(decrease)	1,614,846	11,304	(11,304)

e. Currency risk

In 2013, the consolidated entity and parent entity were not exposed to foreign currency risk (2012: Nil)

f. Capital risk management

The Group considers its capital to comprise its ordinary share capital and reserves.

In managing its capital, the group's primary objectives are to pay dividends and maintain liquidity. These objectives dictate any adjustments to capital structure. Rather than set policies, advice is taken from professional advisors as to how to achieve these objectives. There has been no change in either these objectives or what is considered capital in the year.

4. REVENUE

	Consolidated		Parent Entity	
	2013	2012	2013	2012
Revenue	\$	\$	\$	\$
Interest income	163,731	224,384	156,582	196,827
Other Income				
Contribution received on funded expenditures	250,000	28,000	250,000	-
Government research and development concession received	405,132	505,488	405,132	505,488
Others	2,500	-	-	-
	821,363	757,872	811,714	702,315

5. EXPENSES

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$	\$	\$	\$
Profit/(loss) before income tax arrived after (charging)/crediting the following specific items:				
Employee benefit expenses	(235,318)	(243,506)	(235,318)	(243,506)
Depreciation	(32,856)	(32,430)	(32,856)	(32,430)
Lease payments	(6,900)	(6,900)	(6,900)	(6,900)
Share based payments (Note 26)	-	(33,180)	-	(33,180)

6. INCOME TAX**a. Income tax expense**

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$	\$	\$	\$
Current tax expense	-	-	-	-
Deferred tax expense	-	-	-	-
Total income tax expense	-	-	-	-
Deferred tax expense				
Increase/(decrease) in deferred tax expense	-	-	-	-

b. Numerical reconciliation of income tax expense to prima facie tax payable

Profit/(loss) from continuing operations before income tax expense	(1,719,014)	(1,103,697)	(1,263,668)	(806,832)
Income tax expense (benefit) calculated at 30% (2012:30%)	(515,704)	(331,109)	(379,100)	(242,050)
Temporary differences not brought to account	(713,971)	(938,137)	(66,420)	(24,732)
Tax losses not brought to account	1,229,675	1,269,247	445,521	266,782
Income tax expense/(benefit) at effective tax rate of 30% (2012: 30%)	-	-	-	-

6. INCOME TAX continued**c. Unrecognised deferred tax assets and liabilities**

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$	\$	\$	\$
Deferred tax assets and liabilities have not been recognised in the balance sheet for the following items:				
Prior year unrecognised tax losses now ineligible due to change in tax consolidation group		-		-
Other deductible temporary differences	(312,011)	(173,051)	(221,401)	(82,440)
Deferred tax asset in respect of exploration activities not brought to account	(1,179,014)	(1,103,697)	(1,263,668)	(806,832)
Deferred tax liability in respect of exploration activities not recognised to the extent of unrecognised deferred tax asset	(2,067,892)	(2,954,074)	-	-
	(4,098,917)	(4,230,822)	(1,485,069)	(889,272)
Potential (benefit)/expense at 30% (2012: 30%)	(1,229,675)	(1,269,247)	(445,521)	(266,782)

7. CASH AND CASH EQUIVALENTS

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$	\$	\$	\$
Cash at bank and in hand	1,072,673	1,765,984	1,037,716	1,614,846
Cash held in trust - tenement guarantee	250,886	250,886	-	-
	1,323,559	2,016,870	1,037,716	1,614,846

Reconciliation to cash at the end of the year**a.**

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$	\$	\$	\$
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:				
Cash and cash equivalents	1,323,559	2,016,870	1,037,716	1,614,846
Balances per Statement of Cash Flows	1,323,559	2,016,870	1,037,716	1,614,846
Weighted Average Interest Rates	2.92%	3.84%	3.06%	4.04%

b. Interest rate risk exposure

The Group's and the parent entity's exposure to interest rate risk is discussed in Note 3.

8. TRADE AND OTHER RECEIVABLES

	Consolidated		Parent Entity	
	2013	2012	2013	2012
Current	\$	\$	\$	\$
Tenement security deposit	109,010	66,500	12,500	12,500
Other deposits	-	18,984	20,364	77,888
Advance to other party	693,604	534,030	693,604	534,030
Share placement – fund in transit	342,300	-	342,300	-
Other receivables	7,492	52,738	5,472	9,415
Provision for doubtful debt	(430,000)	-	(430,000)	-
	722,406	672,252	644,240	633,833
Non-Current				
Receivable - Controlled entities	-	-	14,036,551	11,518,112
Receivable - Employee share plan	790,001	616,934	790,001	616,934
Provision for doubtful debt	(434,000)	-	(434,000)	-
	356,001	616,934	14,392,552	12,135,046

a. Impaired receivables and receivables past due

None of the current or non-current receivables are impaired or past due but not impaired.

b. Other deposits

These amounts relate to prepaid field exploration expenditures.

Advance to other party

The Company advanced a \$450,000 interest bearing full recourse loan to one consultant, the loan is secured by shares only. The Company advanced a second \$35,000 interest bearing full recourse unsecured loan to same consultant in 2013. A provision of \$430,000 was made during the year.

The Company advanced a \$30,000 unsecured interest bearing full recourse loan to one officer in 2012.

Please refer to Note 24 for details.

Other receivables

These amounts relate to receivables for GST paid.

c. Receivable employee share plan

In 2010 the Company advanced a \$520,000 interest bearing full recourse loan to Mr Henry Kinstlinger, Joint Company Secretary, under the employee share option plan. A provision of \$434,000 was made during the year. The Company further advanced \$126,000 interest bearing full recourse loan to three employees under the Company's employee share option plan in late 2013.

Please refer Note 24 for details.

d. Interest rate risk

Information about the Group's and the parent entity's exposure to interest rate risk in relation to trade and other receivables is provided in Note 3.

8. TRADE AND OTHER RECEIVABLES continued**e. Fair value and credit risk***Current trade and other receivables*

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

Non-current trade and other receivables

The fair values and carrying values of non-current receivables are as follows:

The controlled entities receivables have no terms of repayment and are not interest bearing.

	2013		2012	
	Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
Consolidated				
Receivable - Employee Share Plan	790,001	356,001	616,934	616,934
Parent Entity				
Receivable - Employee Share Plan	790,001	356,001	616,934	616,934
Receivables Related Party	693,604	263,604	534,030	534,030
Receivables Controlled Entities	14,036,551	14,036,551	11,518,112	11,518,112

9. OTHER CURRENT ASSETS

	Consolidated		Parent Entity	
	2013 \$	2012 \$	2013 \$	2012 \$
Prepayments	8,927	52,433	8,927	52,433
Accrued deposit interest receivable	-	-	-	-
	8,927	52,433	8,927	52,433

10. PLANT AND EQUIPMENT

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$	\$	\$	\$
Plant and equipment				
At cost	78,015	76,218	78,015	76,218
Accumulated depreciation	(43,770)	(28,221)	(43,770)	(28,221)
Carrying value	34,245	47,997	34,245	47,997
Motor vehicles				
At cost	86,535	86,535	86,535	86,535
Accumulated depreciation	(57,424)	(40,116)	(57,424)	(40,116)
Carrying value	29,111	46,419	29,111	46,419
Total carrying value	63,356	94,416	63,356	94,416

Reconciliations

Reconciliations of the carrying amounts of each class of plant & equipment at the beginning and end of the current and previous financial year are set out below:

Consolidated 2013	Plant & equipment \$	Motor Vehicles \$	Total \$
Carrying amount at 1 January 2013	47,997	46,419	94,416
Additions	1,797	-	1,797
Depreciation	(15,549)	(17,308)	(32,857)
Carrying amount at 31 December 2013	34,245	29,111	63,356

Consolidated 2012	Plant & equipment \$	Motor Vehicles \$	Total \$
Carrying amount at 1 January 2012	59,351	63,773	123,124
Additions	3,722	-	3,722
Depreciation	(15,076)	(17,354)	(32,430)
Carrying amount at 31 December 2012	47,997	46,419	94,416

11. MINING TENEMENTS

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$	\$	\$	\$
Mining tenements	13,117,454	11,049,562	-	-

The recoverability of the carrying amount of evaluation and exploration assets is dependent upon successful development and commercial exploitation, or alternatively the sale of the respective areas of interest.

12. FINANCIAL ASSETS

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$	\$	\$	\$
Investment -option in acquiring tenement interest	15,000	15,000	15,000	15,000
Investment in controlled entities (Note 18)	-	-	500	500
	15,000	15,000	15,500	15,500

13. TRADE AND OTHER PAYABLES

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$	\$	\$	\$
Current				
Trade payables	22,909	139,958	11,069	56,483
Other payables	-	-	-	-
	22,909	139,958	11,069	56,483

14. EMPLOYEE BENEFITS PROVISION

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$	\$	\$	\$
Current				
Staff Leave Entitlement	35,082	60,006	35,082	60,006
Non-Current				
Staff Leave Entitlement	27,113	37,099	27,113	37,099

15. OTHER LIABILITIES

Accrued payable	11,130	10,600	11,130	10,600
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16. ISSUED CAPITAL

	Consolidated Entity and Parent Entity		Consolidated Entity and Parent Entity	
	2013	2012	2013	2012
	Number of Shares	Number of Shares	\$	\$
Ordinary shares issued	120,189,060	107,211,160	19,755,679	16,796,000

a. Movements in ordinary share capital during the year:**Consolidated Entity and Parent Entity**

Date	Details	No. of shares	Issue price	
			\$	\$
31 December 2012	Balance	107,211,160		16,796,000
February 2013	Share placement	6,500,000	0.25	1,625,000
October 2013	Share issued per Mon	657,900	0.38	250,000
November 2013	Exercise-staff employee option plan	420,000	0.30	126,000
December 2013	Share placement	5,400,000	0.21	1,134,000
December 2013	Share issuing costs			(175,321)
31 December 2013	Balance	120,189,060		19,755,679

16. ISSUED CAPITAL continued**b. Performance Employee Options**

420,000 employee performance options were exercised in November.

No other performance option is granted or exercised 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.

d. Options

There were no options on unissued ordinary shares outstanding at the end of the financial year.

1,380,000 unallocated performance options have been approved for granting relevant to the Company's Employee Share Option Plan.

Information relating to the Group's options issued is set out in note 26.

17. RESERVES

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$	\$	\$	\$
Option Reserves	593,250	593,250	593,250	593,250

The Company granted 8,200,000 options to directors and other key management personnel under the Company employee share option plan in 2009.

The Company granted a further 500,000 success options.

The Company allocated 420,000 performance options to three eligible employees in 2011.

Please refer Note 26 to the financial statements for details.

18. INVESTMENT IN CONTROLLED ENTITIES

Name of Entity	Class of Shares	Equity Holding		Country of Incorporation
		2013	2012	
		%	%	
ABx 1 Pty Ltd	Ordinary	100	100	Australia
ABx 2 Pty Ltd	Ordinary	100	100	Australia
ABx 3 Pty Ltd	Ordinary	100	100	Australia
ABx 4 Pty Ltd	Ordinary	100	100	Australia
ABx 5 Pty Ltd	Ordinary	100	100	Australia
ABxTASML1 Pty Ltd*	Ordinary	100	-	Australia
XBxTASML1 Pty Ltd*	Ordinary	100	-	Australia

*Wholly owned controlled entities were incorporated to hold mining lease in Tasmania.

19. RECONCILIATION OF (LOSS)/PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$	\$	\$	\$
(Loss)/Profit for the year	(1,719,014)	(1,103,697)	(1,263,668)	(806,831)
Capitalised exploration expenditure	(2,067,892)	(2,954,074)	-	-
Share based payments expense	-	33,180	-	33,180
Non cash item	32,856	32,430	32,856	32,430
Change in operating assets and liabilities:				
(Increase)/Decrease in trade and other receivables	(126,040)	108,327	213,706	33,154
(Increase)/Decrease in other current assets	43,507	(3,793)	43,507	(3,793)
(Increase)/Decrease in other operating assets	-	-	-	-
Increase/(Decrease) in trade and other creditors and provisions	(141,443)	5,873	(69,808)	24,591
(Increase) in deferred tax assets	-	-	-	-
Increase in deferred tax liabilities	-	-	-	-
Net cash (outflow)/inflow from operating activities	(3,978,026)	(3,881,754)	(1,043,407)	(687,269)

20. SEGMENT INFORMATION

The Group operates one business being the mineral, exploration and development of resources in Australia.

21. COMMITMENTS AND CONTINGENT LIABILITIES

Tenement Expenditure Commitments	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$	\$	\$	\$
Minimum tenement exploration expenditures	1,361,030	2,012,233	-	-
Tenement lease payment	147,951	192,501	-	-
	1,508,981	2,204,734	-	-

The minimum exploration expenditure commitments \$1,361,030 and lease payments \$147,951 on the Company's exploration tenements totalling approximately \$1,508,981 over the remaining term of the tenements.

Executive services agreement

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 for the calendar year 2013.

Service agreement

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

The term of the 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.

21. COMMITMENTS AND CONTINGENT LIABILITIES continued

Lease commitments	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$	\$	\$	\$
Non-cancellable operating leases - future minimum lease payments				
Within one year	5,175	6,900	5,175	6,900
Later than one year but not later than 5 years	-	5,175	-	5,175
Later than 5 years	-	-	-	-
	5,175	12,075	5,175	12,075

The Group leases a copier under non-cancellable operating leases expiring in 1 year. Nor do they include commitments for any renewal options on leases. Lease conditions do not impose any restrictions on the ability of the Company and its subsidiaries from borrowing further funds or paying dividends.

There are no other material contingent liabilities as at the date of this report.

22. EVENTS SUBSEQUENT TO BALANCE DATE

At the date of this report there are no other matters or circumstances, apart from the retirement of Rado Jacob Rebek as an Executive Director, which have arisen since 31 December 2013 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2013, of the Group;
- the results of those operations; or
- the state of affairs, in financial years subsequent to 31 December 2013, of the Group.

23. EARNINGS PER SHARE

	Consolidated	
	2013	2012
	Cents	Cents
Basic earnings/(loss) per share	(1.51)	(1.06)
Fully diluted earnings/(loss) per share	(1.49)	(1.04)
	2013	2012
	\$	\$
Profit/(loss) from continuing operations used in calculating basic and fully diluted earnings per share	(1,719,014)	(1,103,697)
	2013	2012
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	113,853,968	103,972,582
Adjustments for calculation of diluted earnings per share:		
Options issued	1,380,000	2,300,000
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	115,233,968	106,272,582

24. KEY MANAGEMENT PERSONNEL DISCLOSURES

a. Directors

The following persons were Directors of Australian Bauxite Limited during the whole of the financial year unless otherwise stated:

- | | | |
|--------------------|---------------------------|----------------------------|
| • John Dawkins | Non-Executive Chairman | |
| • Ian Levy | Managing Director | |
| • Rado Jacob Rebek | Executive Director | Retired 18 March 2014 |
| • Ken Boundy | Non-Executive Director | |
| • Paul A Lennon | Non-Executive Director | Appointed 28 November 2013 |
| • Peter Meers | Executive Deputy Chairman | Retired 30 December 2013 |
| • Wei Huang | Non-Executive Director | Retired 30 December 2013 |

b. Other Key Management Personnel

The following persons were other key management personnel of Australian Bauxite Limited during the financial year:

- | | |
|---------------------|-------------------------------|
| • Julian Rockett | Joint Company Secretary |
| • Henry Kinstlinger | Joint Company Secretary |
| • Benjamin Amzalak | Investor Relationship Officer |
| • Francis Choy | Chief Financial Officer |

c. Compensation of Key Management Personnel

	Consolidated		Parent	
	2013	2012	2013	2012
	\$	\$	\$	\$
Directors				
Short term employee benefits	143,272	495,012	143,272	495,012
Post employment benefits	-	-	-	-
Long term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share based payments	-	-	-	-
	143,272	495,012	143,272	495,012
Other Key Management Personnel				
Short term employee benefits	180,690	177,495	180,690	147,495
Post employment benefits	-	-	-	-
Long term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share based payments	-	-	-	-
	180,690	177,495	180,690	147,495

24. KEY MANAGEMENT PERSONNEL DISCLOSURES continued**Directors and other key management personnel of Australian Bauxite Limited**

Consolidated 2013	Short Term Employee Benefits		Post Employment Benefits	Long Term Benefits		
	Salary & other fees	Travelling Allowance	Super- annuation	Long Service Leave	Share Based Payments	Total
Directors	\$	\$	\$	\$	\$	\$
John Dawkins AO	27,272	-	-	-	-	27,272
Peter Meers	20,000	-	-	-	-	20,000
Ian Levy	-	-	-	-	-	-
Rado Jacob Rebek	52,000	9,000	-	-	-	61,000
Ken Boundy	15,000	-	-	-	-	15,000
Wei Huang	20,000	-	-	-	-	20,000
Paul A Lennon	-	-	-	-	-	-
Total-Directors	134,272	9,000	-	-	-	143,272
Other KMP						
Julian Rockett	-	-	-	-	-	-
Henry Kinstlinger	109,890	10,800	-	-	-	120,690
Benjamin Amzalak	60,000	-	-	-	-	60,000
Francis Choy	-	-	-	-	-	-
Total-KMP	169,890	10,800	-	-	-	180,690
Consolidated 2012	Short Term Employee Benefits		Post Employment Benefits	Long Term Benefits		
	Salary & other fees	Travelling Allowance	Super- annuation	Long Service Leave	Share Based Payments	Total
Directors	\$	\$	\$	\$	\$	\$
John Dawkins AO	37,879	-	-	-	-	37,879
Peter Meers	20,000	-	-	-	-	20,000
Ian Levy	250,000	-	-	-	-	250,000
Rado Jacob Rebek	128,000	10,800	-	-	-	138,800
Ken Boundy	-	-	-	-	-	-
Vincent Tan	28,333	-	-	-	-	28,333
Wei Huang	20,000	-	-	-	-	20,000
Total-Directors	484,212	10,800	-	-	-	495,012
Other KMP						
David L Hughes	-	-	-	-	-	-
Henry Kinstlinger	104,895	10,800	-	-	-	115,695
Benny Amzalak	61,800	-	-	-	-	61,800
Francis Choy	-	-	-	-	-	-
Total-KMP	166,695	10,800	-	-	-	177,495

The amounts reported represent the total remuneration paid by entities in the Australian Bauxite Group of companies in relation to managing the affairs of all the entities within the Australian Bauxite Group.

There are no performance conditions related to any of the above payments.

There are no other elements of Directors and Executives remuneration.

24. KEY MANAGEMENT PERSONNEL DISCLOSURES continued**d. Employee Share Option Plan**

The Company has adopted an Employee Share Option Plan, (**ESOP**) for its employees. A person is an employee of the Company if that person is an Executive Director, Non-executive Director or considered by the Board to be employed by the Company or a related party of the Company.

The purpose of the ESOP is to provide an opportunity for all eligible employees of the Company to participate in the growth and development of the Company through participation in the equity of the Company.

The Company believes it is important to provide incentives to employees in the form of options which provide the opportunity to participate in the share capital of the Company. The Company expects to apply the proceeds of exercise of the Options to working capital needs, asset or business acquisitions and general corporate purposes. All options to be issued must be consistent with any applicable Listing Rules and having regard to regulatory constraints under the *Corporations Act 2001*, ASIC policy or any other law applicable to the Company.

e. Shareholdings and Option Holdings of Key Management Personnel

Particulars of Interest in the Issued Capital of the Company's Ordinary Shares and Options at the date of signing the Directors' Report are:

Directors	Shares Direct Interest	Shares Indirect interest	Options
John Dawkins ¹	-	411,728	-
Ian Levy ²	-	2,970,189	-
Ken Boundy	180,000	-	-
Paul A Lennon ⁴	-	161,728	-

Shareholdings and Option Holdings of Key Management Personnel
Shares held in Australian Bauxite Limited
2013

Directors	Balance at beginning of year	Changes during the year	Balance at end of year
John Dawkins	150,000	200,000	350,000
Ian Levy	1,908,461	1,000,000	2,908,461
Peter J Meers ³	548,461	(548,461)	-
Ken Boundy	180,000	-	180,000
Rado Jacob Rebek ⁵	570,000	-	570,000
Paul A Lennon	-	100,000	100,000
Wei Huang ⁶	20,000	(20,000)	-
Other Key Management Personnel			
Henry Kinstlinger	800,000		800,000
David L Hughes ⁷	40,000	(40,000)	-

¹ Mr Dawkins acquired a further 61,728 shares after 31 December 2013

² Mr Ian Levy acquired a further 61,728 shares after 31 December 2013

³ Mr Meers retired as at 30 December 2013.

⁴ Mr Lennon acquired a further 61,728 shares after 31 December 2013

⁵ Mr Rebek retired as at 18 March 2014

⁶ Mr Huang retired as at 30 December 2013

⁷ Mr Hughes retired as Company secretary on 31 July 2013

24. KEY MANAGEMENT PERSONNEL DISCLOSURES continued**Shareholdings and Option Holdings of Key Management Personnel****Shares held in Australian Bauxite Limited****2012**

Directors	Balance at beginning of year	Changes during the year	Balance at end of year
John Dawkins	-	150,000	150,000
Peter J Meers	10,000	538,461	548,461
Ian Levy ¹	470,000	1,438,461	1,908,461
Rado Jacob Rebek	70,000	500,000	570,000
Vincent Tan	-	180,000	180,000
Wei Huang	20,000	-	20,000
Other Key Management Personnel			
Henry Kinstlinger	800,000	-	800,000
David L Hughes	40,000	-	40,000

¹ Mr Levy exercised 1,100,000 Employee Share Options during the year and acquired a further 338,461 shares

Options held in Australian Bauxite Limited**2013**

Directors	Nature	Balance at beginning of year	Exercised during the year	Expired during the year	Balance at end of year
John Dawkins	ESOP	-	-	-	-
Peter J Meers	ESOP	-	-	-	-
Ian Levy	ESOP	-	-	-	-
Rado Jacob Rebek	ESOP	-	-	-	-
Wei Huang	ESOP	-	-	-	-
Other Key Management Personnel					
Henry Kinstlinger	ESOP	-	-	-	-
Julian Rockett	ESOP	-	-	-	-
Francis Choy	ESOP	-	-	-	-

Options held in Australian Bauxite Limited**2012**

Directors	Nature	Balance at beginning of year	Exercised during the year	Expired during the year	Balance at end of year
John Dawkins	ESOP	-	-	-	-
Peter J Meers	ESOP	1,000,000	-	(1,000,000)	-
Ian Levy	ESOP	2,000,000	(1,100,000)	(900,000)	-
Rado Jacob Rebek	ESOP	1,000,000	-	(1,000,000)	-
Vincent Tan	ESOP	1,000,000	-	(1,000,000)	-
Wei Huang	ESOP	1,000,000	-	(1,000,000)	-
Other Key Management Personnel					
Henry Kinstlinger	ESOP	200,000	-	(200,000)	-
David L Hughes	ESOP	100,000	-	(100,000)	-
Francis Choy	ESOP	100,000	(50,000)	(50,000)	-

Mr Kinstlinger exercised 800,000 options under the Company Employee Share Plan and sold 100,000

24. KEY MANAGEMENT PERSONNEL DISCLOSURES continued**f. Loans to Directors and Key Management Personnel**

Details of individuals with loans above \$100,000 during the year are set out below:

	Balance at the start of the year	Advance/ (Repayments)	Interest payable for the year	Balance at the end of the year	Highest indebtednes s during the year	Additional interest otherwise payable*
	\$	\$	\$	\$	\$	\$
KMP 2013						
Henry Kinstlinger						
- ESOP	616,934	-	46,800	663,734	663,734	15,600
- unsecured loan	31,213	-	2,700	33,913	33,913	900
Consultant	502,816	75,000	46,270	624,086	624,086	15,424
Consultant	-	35,000	604	35,604	35,604	-
2012						
Henry Kinstlinger						
- ESOP	570,005	-	46,929	616,934	616,934	15,644
- unsecured loan	-	30,000	1,213	31,213	31,213	404
Consultant	462,205	-	40,611	502,816	502,816	13,538

Terms and conditions of loans

The \$520,000 interest bearing, full recourse loan partly relates to the individual's participation in the Company's Employee Share Option Plan. Loans are secured against the shares only. A second unsecured interest bearing, full recourse loan of \$30,000 was advanced to an individual in 2012. Loans are repayable should employees leave the Company. None were written down during the year.

An interest bearing full recourse loan of \$450,000 was advanced to a consultant. The loan is secured against shares. A second unsecured interest bearing full recourse loan of \$35,000 was advanced to a consultant in 2013. The loan is repayable should the consultant leave the Company. None were written down during the year.

There were no other loans made to Directors or Specified Executives of the Company and the Group during the period commencing at the beginning of the financial year and up to the date of this report.

25. REMUNERATION OF AUDITORS

	Consolidated		Parent Entity	
	2013	2012	2013	2012
	\$	\$	\$	\$
Audit services:				
Amounts paid or payable to auditors for audit and review of the financial report for the entity or any entity in the Group				
Audit and review services	27,505	26,195	27,505	26,195
Taxation and other advisory services:				
Amounts paid or payable to auditors for non-audit taxation and advisory services for the entity or any entity in the Group				
Taxation	8,545	8,135	8,545	8,135
Advisory services	-	3,445	-	3,445
	8,545	11,580	8,545	11,580

26. SHARE BASED PAYMENTS

	Number of instruments	Vesting Conditions	Expiry
Performance Option	105,000	Vested 1/7/2011	30 November 2013
Performance Option	105,000	Vested 31/12/2011	30 November 2013
Performance Option	210,000	Vested 30/6/2012	30 November 2013

The number and weighted average exercise price of share options is as follows:

	Consolidated		Parent Entity	
	2013 Number	2012 Number	2013 Number	2012 Number
Vested and exercisable at beginning of the year	920,000	10,110,000	920,000	10,110,000
Granted and vested during the year	-	210,000	-	210,000
Exercised during the year	(420,000)	(1,150,000)	(420,000)	(1,150,000)
Expired during the year	(500,000)	(8,250,000)	(500,000)	(8,250,000)
Vested and exercisable at end of the year	-	920,000	-	920,000
<i>Option expenses</i>				
Share options granted	-	210,000	-	210,000
Expense recognised as costs	-	33,180	-	33,180
Deducted from equity	-	-	-	-
Fair value per option at grant time	-	15.8 cents	-	15.8cents

1. In 2012, the fair value of options granted above is determined using the Black-Scholes formula. The model inputs were: the share price of \$0.41, the exercise price of \$0.30, expected volatility of 50%, expected dividends of \$Nil and a risk-free interest rate of 3.50%. There is no service or performance criterion in relation to the options.

	Employee Share Option	Success Option	Success Option	Performance Option	Total
2013					
Grant date		15/08/2010		31/12/2011	
Expiry date		15/08/2013		30/11/2013	
Exercise price (\$)		0.55		0.30	
Balance at beginning of year		500,000		420,000	920,000
Granted during the year	-	-	-	-	-
Forfeited during the year	-	-	-	-	-
Exercised during the year	-	-	-	(420,000)	(420,000)
Expired during the year	-	-	(500,000)	-	(500,000)
Balance at the end of year	-	-	-	-	-
Vested and exercisable at end of year	-	-	-	-	-

Weighted average exercise price 0.30 cents.

26. SHARE BASED PAYMENTS continued

	Employee Share Option	Success Option	Success Option	Performanc e Option	Total
2012					
Grant date	15/10/2009	24/12/2009	15/08/2010	31/12/2011	
Expiry date	15/10/2012	24/12/2012	15/08/2013	30/11/2013	
Exercise price (\$)	0.30	0.30	0.55	0.30	
Balance at beginning of year	6,400,000	3,000,000	500,000	210,000	10,110,000
Granted during the year	-	-	-	210,000	210,000
Forfeited during the year	-	-	-	-	-
Exercised during the year	(1,150,000)	-	-	-	(1,150,000)
Expired during the year	(5,250,000)	(3,000,000)	-	-	(8,250,000)
Balance at the end of year	-	-	500,000	420,000	920,000
Vested and exercisable at end of year	-	-	500,000	420,000	920,000

Weighted average exercise price 30.0 cents.

27. RELATED PARTY TRANSACTIONS**a. Parent Entities**

The parent entity within the Group is Australian Bauxite Limited.

b. Subsidiaries

Interests in subsidiaries are disclosed in Note 18.

c. Key Management Personnel Compensation

Key management personnel compensation information is disclosed in Note 24.

d. Transactions with Related Parties

The following transactions occurred with related parties during the year ended 31 December 2013:

Administration services fee*Consolidated and parent entity*

The Company paid an administration fee to Hudson Corporate Limited (HCL), a wholly owned subsidiary of Hudson Investment Group Limited of \$401,600 (2012: \$411,000) as payment of sharing rent, administration, accounting, secretarial and compliance costs incurred by HCL on behalf of the group.

e. Outstanding Balance

	Consolidated Entities		Parent Entity	
	2013	2012	2013	2012
Receivable	\$	\$	\$	\$
Non-current				
Advance to controlled entities	-	-	14,036,551	11,518,112
Payable				
Non-current				
Advance from controlled entities	-	-	-	-

Terms and conditions of advance

Advance to controlled entities have no terms of repayment, no securities and is non-interest bearing.

27. RELATED PARTY TRANSACTIONS continued**f. Guarantees**

No guarantees were given or received from related parties during the year.

g. Terms and Conditions

All transaction were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for repayment of loans between the parties and that no interest is charged on outstanding balances.

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DIRECTORS' DECLARATION


The directors of the Company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards which as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - (b) give a true and fair view of the financial position as at 31 December 2013 and of the performance for the year ended on that date of the Company and the consolidated entity.
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.
3. The remuneration disclosures included on pages 35 to 36 of the Directors' Report (as part of audited Remuneration Report), for the year ended 31 December 2013, comply with section 300A of the Corporations Act 2001.
4. The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Ian Levy
Managing Director & Chief Executive Officer



John Dawkins
Director

Signed at Sydney
21 March 2014

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AUSTRALIAN BAUXITE LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Australian Bauxite Limited (the company) and Australian Bauxite Limited and Controlled Entities (the consolidated entity) which comprises the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year ended on that date, a summary of significant accompanying policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the Directors' report. As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of Directors and executives ("remuneration disclosures"), required by Australian Accounting Standard AASB 124: Related Party Disclosures, under the heading "Remuneration Report" in the Directors' report and not in the financial report.

Director's Responsibility for the Financial Report and the Remuneration Report contained in the Directors' Report

The Directors of Australian Bauxite Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial report comply with International Financial Reporting Standards (IFRS).

The Directors of the company are also responsible for the remuneration report contained in the Directors' Report in accordance with s300A of the Corporations Act 2001.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the Directors' report.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AUSTRALIAN BAUXITE LIMITED (Cont'd)

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Australian Bauxite Limited would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion

In our opinion:

- (a) the financial report of Australian Bauxite Limited and Australian Bauxite Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2013 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report of the company and consolidated entity also comply with IFRS as disclosed in note 1.

Auditor's opinion on the Remuneration Report contained in the Directors' Report.

In our opinion, the remuneration disclosures that are contained on pages 34 to 36 of the Directors' Report comply with S300A of the Corporations Act 2001.

KS Black & Co
Chartered Accountants



Faizal Ajmat
Partner

Sydney, 21 March 2014

SHAREHOLDER INFORMATION

As at 28 February 2014

A. Substantial Holders

Those shareholders who have lodged notice advising substantial shareholding under the Corporations Act 2001 are as follows:

Shareholder	No. of Shares	% held
RNB RESOURCES PTE LIMITED	11,314,579	9.23
STATE ONE CAPITAL GROUP LIMITED	8,296,861	6.75
WASHINGTON H SOUL PATTINSON & CO LIMITED	6,244,016	5.10

B. Distribution of Equity Securities

Range	Total Holders	Units	% of Issued Capital
1 – 1000	59	26,439	0.02
1,001 – 10,000	1,228	7,230,639	5.90
10,001 – 50,000	827	21,308,138	17.39
50,001 – 100,000	146	11,548,785	9.43
100,001 – 500,000	111	25,254,275	20.61
500,001 – 1,000,000	10	7,112,251	5.81
1,000,000 and above	16	50,029,324	40.84
Rounding			0.00
Total	2,397	122,509,851	100.00

C. Unmarketable Parcels

Minimum Parcel size	Holders	Units
Minimum \$500.00 parcel at \$0.2450 per unit	151	189,589

D. Twenty Largest Shareholders

The names of the twenty largest holders of quotes equity securities aggregated are listed below:

Rank	Name	Units	% of Issued Capital
1	RNB Resources Pte Ltd	11,314,579	9.23
2	Gleneagle Securities (Aust) Pty Ltd	7,542,136	6.16
3	Washington H Soul Pattinson And Company Ltd	6,244,016	5.10
4	Yarraandoo Pty Ltd <Yarraandoo Super Fund A/C>	4,000,000	3.26
5	HSBC Custody Nominees (Australia) Limited	3,531,391	2.88
6	Gleneagle Securities Nominees Pty Limited	3,058,571	2.50
7	Justevian Pty Limited <Justevian Superfund A/C>	2,908,461	2.37
8	WSF Pty Ltd <Woodstock Super Fund A/C>	2,856,851	2.33
9	National Nominees Limited	1,800,770	1.47
10	Henry Erwin Spira <Spira Family Super Fund A/C>	1,500,000	1.22
11	State One Stockbroking Ltd <SOS House AHX A/C>	1,464,282	1.20
12	State One Holdings Pty Ltd	1,384,505	1.13
13	State One Stockbroking Ltd	1,357,500	1.11
14	Romadak Pty Ltd <Romadak Super Fund A/C>	1,084,000	1.03
15	State One Equities Pty Ltd	1,233,723	1.01
16	Cardy & Company Pty Ltd	1,050,000	0.86
17	Chase Super Pty Limited <Chase Ent P/L Prov Fund A/C>	966,964	0.79
18	Rex Adams + Josephine Adams <R & J Adams Super Fund A/C>	810,000	0.66
19	Davmin Pty Ltd	800,000	0.65
20	Mr Henry Kinstlinger	800,000	0.65
Total:	Top 20 Holders Of Ordinary Shares (Total)	55,707,749	45.61
	Total Remaining Holders Balance	66,802,102	54.39

E. Unquoted Securities (other than options issued under an Employee Share Option Plan)

Class	Exercise Price	Expiry Date	No. of Securities	No. of Holders	Name where holder holds 20% or more	Percentage held
N/A	N/A	N/A	N/A	N/A	N/A	N/A

F. Voting Rights

There are no restrictions on voting rights. On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. Option holders have no voting rights until the options are exercised.

G. List of Escrowed Securities

There are no escrowed securities as at 28 February 2014.

H. Tenement Schedule

Tenement No.	Location	Square kms	Registered Owner/ Applicant/Assignee	Percentage Held
New South Wales				
EL 6997	Inverell	297	ABx1 Pty Ltd	100.00%
EL 7361	Guyra	300	ABx1 Pty Ltd	100.00%
EL 7596	Merriwa - 1	45	ABx1 Pty Ltd	100.00%
EL 7597	Merriwa - 2	318	ABx1 Pty Ltd	100.00%
EL 7598	Merriwa - 3	195	ABx1 Pty Ltd	100.00%
EL 7950	Merriwa	264	ABx1 Pty Ltd	100.00%
EL 7858	Stannifer	147	ABx1 Pty Ltd	100.00%
EL 8097	Coolah	300	ABx1 Pty Ltd	100.00%
EL 8130	Old Mill	201	ABx1 Pty Ltd	100.00%
EL 7269	Windellama	51	ABx2 Pty Ltd	100.00%
EL 7279	Wingello West	21	ABx2 Pty Ltd	100.00%
ELA 4038	Wingello	39	ABx2 Pty Ltd	100.00%
EL 7357	Taralga	246	ABx2 Pty Ltd	100.00%
EL 7681	Taralga Extension	300	ABx2 Pty Ltd	100.00%
EL 7912	Taralga 3rd Ext	309	ABx2 Pty Ltd	100.00%
EL 7986	Walla Mines	30	ABx2 Pty Ltd	100.00%
EL 7546	Penrose	30	ABx2 Pty Ltd	100.00%
Queensland				
EPM 17790	Hampton	90	ABx3 Pty Ltd	100.00%
EPM 17830	Haden	24	ABx3 Pty Ltd	100.00%
EPM 17831	Hillgrove	18	ABx3 Pty Ltd	100.00%
EPM 18014	Binjour	126	ABx3 Pty Ltd	100.00%
EPM 18772	Binjour Extension	123	ABx3 Pty Ltd	100.00%
EPM 19582	Binjour 2nd Ext	69	ABx3 Pty Ltd	100.00%
EPM 19742	Binjour 3rd Ext	108	ABx3 Pty Ltd	100.00%
EPM 19169	Tellebang	60	ABx3 Pty Ltd	100.00%
ML 80126	Tondoon ML		ABx3 Pty Ltd	100.00%
EPM 25146	Toondoon EPM	9	ABx3 Pty Ltd	100.00%
EPM 19390	Brovinia	147	ABx3 Pty Ltd	100.00%

Tasmania				
EL 4/2010	Evandale	83	ABx4 Pty Ltd	100.00%
EL 6/2010	Cleveland	34	ABx4 Pty Ltd	100.00%
EL 7/2010	Conara	154	ABx4 Pty Ltd	100.00%
EL 9/2010	Deloraine	168	ABx4 Pty Ltd	100.00%
EL 37/2010	Westbury	108	ABx4 Pty Ltd	100.00%
EL 3/2012	Ross	103	ABx4 Pty Ltd	100.00%
EL 12/2012	Scottsdale	82	ABx4 Pty Ltd	100.00%
EL 16/2012	Reedy Marsh	109	ABx4 Pty Ltd	100.00%
EL 4/2013	Tunross West 1	136	ABx4 Pty Ltd	100.00%
ELA 5/2013	Tunross West 2	184	ABx4 Pty Ltd	100.00%
ML 1961P/M	Bald Hill		ABx4 Pty Ltd	100.00%

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