



AUSTRALIAN BAUXITE LIMITED

RELEASED MARCH 2015

ASX: ABX

ANNUAL REPORT

CALENDAR YEAR
2014



FOR THE YEAR ENDED
31 DECEMBER 2014

New dawn for bauxite supply.
Bald Hill Bauxite Project, Tasmania.

AUSTRALIAN BAUXITE LIMITED

ANNUAL REPORT

2014

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CORPORATE DIRECTORY

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Ian Levy (Managing Director & CEO)
Ken Boundy

Joint Company Secretaries

Julian Rockett
Henry Kinstlinger

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ASX Code – ABX

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

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

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

CHAIRMAN'S REVIEW 2014

Dear Shareholder

I'm pleased to report that we achieved our business plan to commence the first mine at Bald Hill near Campbelltown in Northern Tasmania by late 2014 with works commencing on site on the 9th of December. The mine was established over five weeks during December and January. Our first slot was cut into the bauxite ore on January 8 that immediately followed the completion of the environmental and safety systems. This was whilst the mine access roads and on site offices were still being constructed. Trial screening commenced on January 28 a few weeks ahead of schedule.

Daily transportation of the ore from the mine site will commence as soon as an initial 12,000 tonnes of product has been stockpiled. From then on TasRail, our transport contractor, will deliver 1,100 tonnes per day to Bell Bay port. Once we have stockpiled approximately 35,000 tonnes the first shipment will be loaded. We are planning the first shipments to customers by mid 2015.

At the time of writing about 7,000 tonnes of bauxite had been stockpiled at the mine site. Contractual agreements have been finalised with TasRail, Qube Ports and Tasports. The reconfiguration of the screening plant had been completed to improve and simplify on site ore processing.

The task of operational optimisation will be ongoing as we strive to perfect the core skills of delineating, mining, quarrying, screening, blending and transporting our bauxite to global markets.

The Rubble Flat deposit is part of the DL-130 bauxite district west of Launceston, Tasmania which hosts zones of bauxite up to 14 metres thick and high grade. The discovery and delineation of a sizeable deposit of good grade bauxite at Rubble Flat confirms that this DL-130 district is heavily mineralised with bauxite.

Tasmanian bauxite production can grow significantly but our focus is to establish solid earnings by end 2015.

In mid 2015, our exploration team will move from Tasmania to central Queensland in the dry season, to test newly discovered extension to the high grade, thick bauxite in the Binjour district, including extensions to the bauxite in the granted Mining Lease at Toondoon. In the medium-term, the Binjour bauxite province is likely to become ABx's largest project. ABx considers it to be the best undeveloped opportunity for significant production of silica-free, gibbsite trihydrate bauxite in the Pacific Basin.

SAFETY: ABx has made the transition from explorer to producer with a zero-incident record and no breaches of the industry-standard safety procedures that had been established at the mine from the outset.

ENVIRONMENT: ABx has stockpiled large tonnages of soil at Bald Hill Bauxite Project ready for reinstatement over mined-out areas. ABx has also commenced eradication of weed infestations across the mining area as part of its landholder agreement and also as our policy of best practice on agricultural land.

MARKET: The bauxite market has had a stellar year in 2014, exceeding ABx's expectations as summarised later in this report. At the time of writing, we have a firm offer of an offtake contract with the Noble Group and other serious approaches from 2 of our 3 preferred major customers. ABx receives many requests for bauxite supply.

COMMUNITY: We are thankful for the support of our local communities and we are pleased to be approached by landholders taking us to bauxite outcrops on their land and encouraging us to explore and mine them. We have also refrained from exploring where requested so as to honour our policy to only operate where we are welcomed. Overall, community acceptance is growing. We now must deliver for all stakeholders.

On behalf of the Board of Directors, I thank the ABx staff and supportive shareholders for the excellent progress and development achieved in 2014 and we all look forward to an exciting year in 2015.



Paul Lennon
Chairman

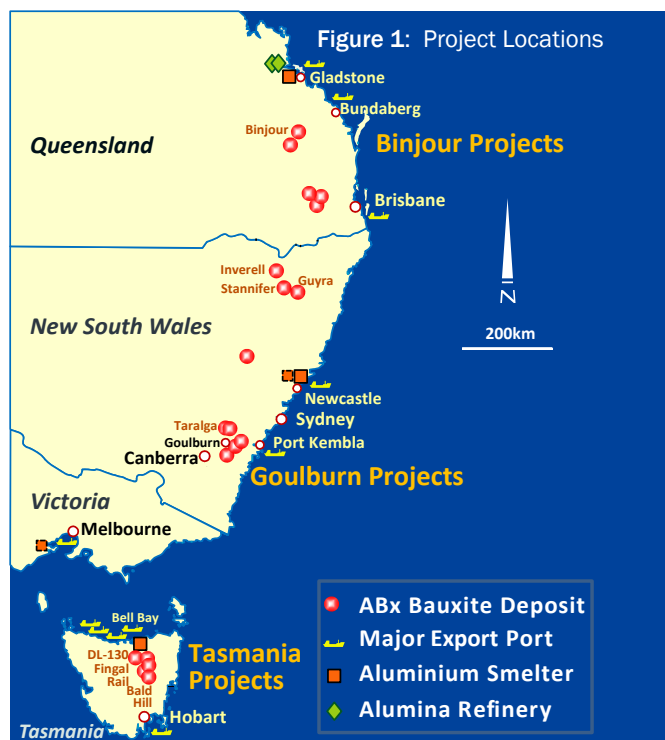
REVIEW OF OPERATIONS

This Review of Operations covers the 12 month period to 31 December 2014.

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

ABx holds 37 bauxite tenements in Queensland, New South Wales and Tasmania exceeding 5,000 km² and is operating its first mine at the Bald Hill Bauxite Project in Tasmania. ABx's discovery rate is increasing as knowledge, technology and expertise grows. The Company's bauxite is high quality gibbsite trihydrate bauxite that processes into alumina at low temperature – the type in short-supply globally.

ABx has declared JORC-compliant Mineral Resources at Binjour in central QLD, at Inverell and Guyra in northern NSW, at Taralga in southern NSW and in Tasmania totalling more than 119.2 million tonnes (Inferred – 57.3 Mt, Indicated – 61.9 Mt)¹; confirming that ABx has discovered significant bauxite deposits including some bauxite of outstandingly high quality – see Figure 1. All tenements are 100% owned, unencumbered and free of 3rd-party royalties.



During 2014, ABx's first mine at Bald Hill Bauxite Project near Campbell Town in northern Tasmania was approved and commenced development on 9 December 2014. ABx also finalised agreements with mine operator Stornoway, transport contracts with TasRail, Qube Ports and TasPorts and a Term Sheet agreement with Noble Group for a loan facility and supportive global marketing and offtake agreements.

Corporate Diary

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 24.3 cents.
11 March 2014	Placement of 1 million shares issued at 24.3 cents to sophisticated, eligible and / or professional investors and 3,497,879 shares under a share placement plan to existing shareholders at 24.3 cents raising \$1.1 million before costs.
18 March 2014	Jacob Rebek retired as a director but continues as Chief Geologist.
31 March 2014	Kon Tsiakis appointed a non-executive director.
28 May 2014	Annual general meeting held and all resolutions put to the meeting were passed. John Dawkins AO retired as chairman and non-executive director.
18 June 2014	Paul Lennon appointed Chairman.
4 July 2014	Australian Securities Exchange code for the Company changed to "ABX".
19 September 2014	Mining Lease ML1961 for Bald Hill Bauxite Project at Campbell Town, Tasmania granted by Minister for Resources, the Honourable Paul Harriss MP.
13 October 2014	ABx and Noble Group establish a strategic alliance for the Tasmanian mining project.

¹ See Resource Statement page 19

30 October 2014	Public disclosure period for the Tasmanian mining project at Bald Hill completed without objection. Mining and processing, land transport to port and port services contractors / providers selected.
19 November 2014	Kon Tsiakis resigned as a non-executive director.
4 December 2014	Placement of 12.5 million shares issued at 30 cents to sophisticated, eligible and / or professional investors raising \$3.75 million before costs. An additional 1 million shares were issued to advisors and contractors in lieu of fees.
5 December 2014	Tasmanian mining project environmental assessment completed.
8 December 2014	Tasmanian mining project given final approval to proceed. Development commenced on 9 December 2014, mining on 8 January and screening on 28 January 2015.
28 January 2015	Robert Williams appointed General Manager.

Mining: Bald Hill Bauxite Project, Tasmania

Following approval of the Company's first mine at Bald Hill Bauxite Project near Campbell Town in central northern Tasmania, work commenced on schedule on 9 December 2014 to secure the site with an emphasis on public safety, environment and agricultural best practice. Construction included mine access and haulage roads, security fences and remedial work on Macquarie Road and West Street, Campbell Town undertaken with the Northern Midlands Council's supervision to allow ore haulage. Approximately 12,000 tonnes of bauxite have been mined. Screening of bauxite commenced on 28 January 2015 and screens reconfigured during February 2015. Products totalling approximately 7,000 tonnes are stockpiled on site, prior to rail transport to port for shipping at Bell Bay commencing once 35,000 tonnes have been stockpiled and all logistics finalised.

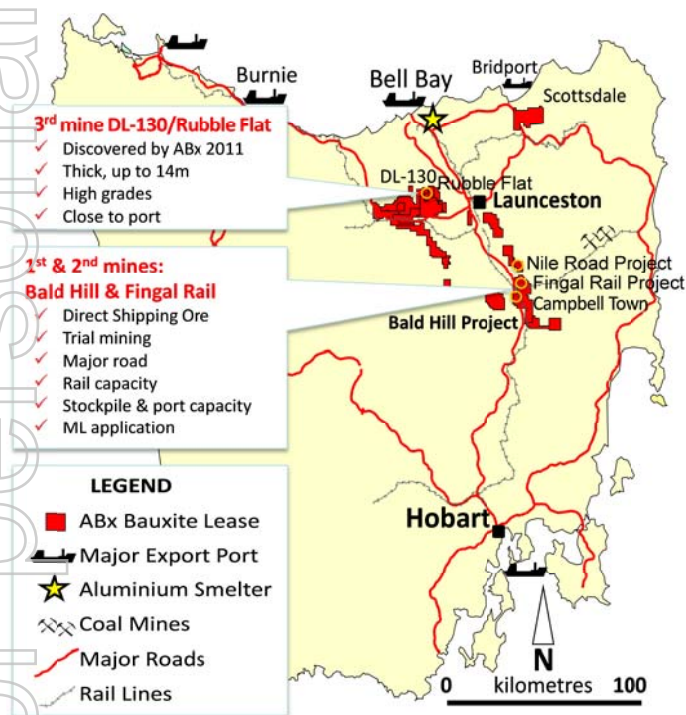


Figure 2: Locations of Projects and Infrastructure in Tasmania



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.

Bulk pit testwork involving mining of 1,500 tonnes and dry-screening of 220 tonnes in mid-2013 indicated that:

1. The bauxite layer is a tightly packed unit, hard to excavate;
2. Thin clay layers and clumps can contaminate large thicknesses of bauxite;
3. Dry-screening can produce yields of coarse clean bauxite as high as 75%;
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.

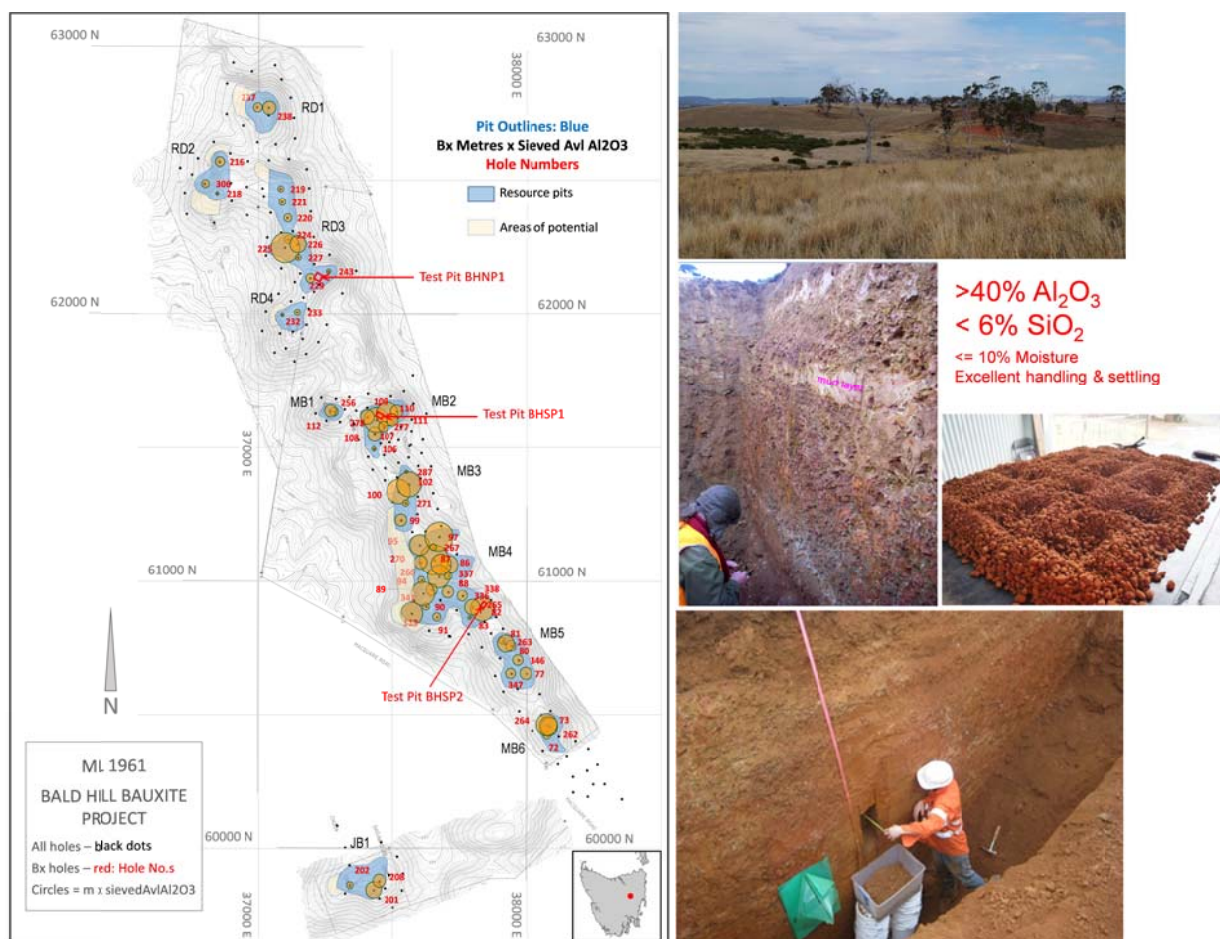


Figure 3: Bald Hill Bauxite Project Mine: Pit Locations and Sampling

Full-scale mining and screening since 8 January 2015 has produced a more detailed understanding.



Figure 4: Bald Hill Bauxite Project Mine: Initial slot cut through bauxite formation & Screening ore (left) into product (right)

Bauxite Formation Excavation

A 35 tonne excavator was able to cut a full-depth slot through the bauxite layer in the middle of deposits MB3 (low grade) and MB6 (moderate grade) – see Figure 2. This freed-up the bauxite formation and enabled excavation by benching away from the initial slot – see Figure 4. Excavation will be further optimised over coming months.

Dry-Screening

Triple-deck dry-screening of pre-conditioned broken ore processed faster than expected but the ore had been broken into finer sizes than planned. During February, a fine mesh bottom screen was fitted to extract finer products, not all of which met ideal bauxite grade but still saleable.

Some product was recovered from separate screening of material outside of the resource estimate boundaries.

Screening optimisation warrants further development during on-going production and as markets change.

Exploration

Exploration strategy

ABx applies three rigorous selection criteria to identify: (1) Good quality bauxite; (2) Proximity to infrastructure connected to existing ports; and, (3) Free of socio-environmental or native title land constraints.

ABx has discovered many bauxite deposits using its proprietary exploration technology and new discoveries are being made more frequently as knowledge and expertise grows. During 2014, two major improvements in exploration technology led to identification of new bauxite targets in Tasmania and Binjour in Queensland which are to be tested in 2015.

The company's bauxite is all relatively silica-free trihydrate gibbsite bauxite which can be processed into alumina at low temperature – the type that is in short supply globally.

Global Mineral Resource declared in accordance with the JORC Code at the date of this report total 119.2 million tonnes ("Mt") as summarised below.

Table 1: Resource Summary²

	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	6.1
Binjour (Central QLD)	9.0	15.5	24.5
Tasmania (TAS)	7.5	1.7	9.2
ML80126 (QLD)	3.5	0.0	3.5
Global Mineral Resource	57.3	61.9	119.2*

*By the time this report is distributed, it is anticipated that resource upgrades will have been announced for the DL-130-Rubble Flat and Nile Road project areas in Tasmania. Assay results are outstanding at this time.

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.

Land Access, Safety and Environment

ABx endorses best practices on agricultural land, strives to leave the land and environment better than it was found and only operates where welcomed.

At the Bald Hill Bauxite Project, community support for the mine operations is gratefully appreciated. ABx has been approached by several landholders to explore and hopefully mine bauxite that they identified on their land. ABx

² See Resource Statement on page 19

believes the community now appreciates the simple nature of the bauxite quarrying process and the fact that the bauxite layer lies well above the water table and the simplicity of soil reinstatement as requested by the landholder.

SAFETY: ABx has made the transition from explorer to producer with a zero-incident record and no breaches of the industry-standard safety procedures that had been established at the mine from the outset.

ENVIRONMENT: ABx has stockpiled large tonnages of soil at Bald Hill Bauxite Project ready for reinstatement over mined-out areas. ABx has also commenced eradication of weed infestations across the mining area as part of its landholder agreement and also as our policy of best practice on agricultural land.



Figure 5: Bald Hill Bauxite Project Mobile Screening Plant. The bauxite forms the barren ridge top extending into the distance

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. 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 with an increasing success rate, even deeply concealed bauxite where previous exploration has failed.

Once a bauxite target is identified, first-pass drilling at wide spacing tests for the presence and general distribution of bauxite. Follow-up drilling then assesses the continuity and areal extent of good quality bauxite at mineable thicknesses. Resource estimates can commence at the follow-up drilling stage and upgraded after additional drilling.

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 2014 reporting period, ABx focused on Tasmania (locations in Figure 2 above) and at Binjour, QLD:

1. Expedited the development of its Bald Hill Bauxite Project in Tasmania;
2. Completed delineation of the planned mining lease area over the northern half of Fingal Rail Project ;
3. Completed drilling at the Nile Road prospect north of Fingal Rail;
4. Completed first-pass drilling and some follow-up drilling in the northeast of the DL-130 project area;
5. Discovered the Rubble Flat high grade bauxite deposit at the eastern end of the DL-130 project area;

6. Discovered an entirely new bauxite plateau in the Binjour project area, central QLD (see Figure 1) with exceptionally high grades of bauxite lying at surface; and
7. Carried out general exploration and upgrading of the exploration technology.

Tasmania: Exploration results for Nile Road, Rubble Flat and any other discoveries will be further reported via the normal ASX public announcements during the first half of 2015 as assays and assessments are completed.

Binjour, Queensland: Exploration first pass drilling will commence at the Binjour discovery area in the QLD Dry Season starting in coming months and will be reported in the second half of 2015 once assays and assessments are completed. ABx is conducting economic studies of the large Binjour bauxite project in Queensland (see Project Locations in Figure 1), including government negotiations. Conceptual 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.

Bauxite Market Review

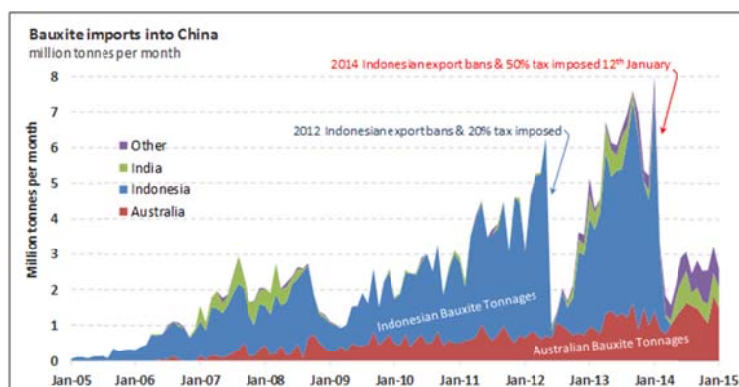


Figure 6: Bauxite imports into China in millions of tonnes per month

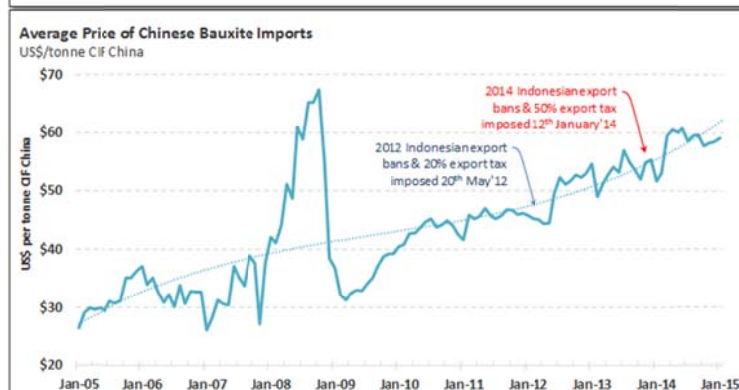


Figure 7: Average prices of bauxite imports into China CIF in US\$ per tonne

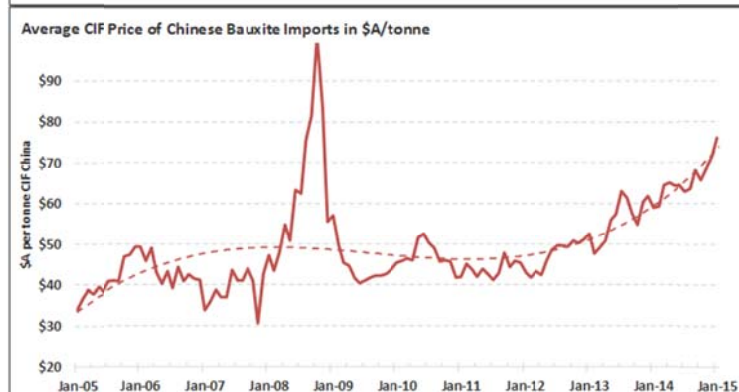


Figure 8: Average prices of bauxite imports into China CIF in A\$ per tonne

Source of data for Figures 6, 7 & 8: Chinese customs, Bloomberg, RBA

Indonesian bauxite shipments to China remain officially banned and no sign of compromise (yet).

Australia: sold a record 1.9Mt to China in December & an impressive 1.5Mt in January.

Indian export bauxite prices stayed above US\$60/t. Some Indian gibbsite bauxite achieved US\$65.50/tonne CIF Shandong, China – a benchmark for ABx bauxite to match one day. The supply of low silica blending bauxite from India is now insufficient to offset the problems arising from high-silica Malaysian supply.

Short-Term Volatility Ahead – Indonesia is Holding Firm on Bans

China's **useable** bauxite stockpile is falling faster than official figures because most good bauxite has been used.

If supply of Malaysian bauxite cannot fill the short-term supply shortfall of gibbsite bauxite, the market for ABx type of bauxite may become very tight in coming months.

ABx predicted prices for its Indian-type bauxite to exceed US\$60/t and that happened in April'14. Alumina Limited predicts bauxite prices to reach US\$80/t by 2019 as Chinese and Malaysian resources are exhausted. US\$72/t may be a more realistic maximum price, only because it has occurred before.

Average bauxite prices rose 22% to A\$71.40/tonne during 2014 and we commenced our Bald Hill Bauxite Project in Tasmania on schedule, 9 December 2014. The 6% further price rise in January 2015 to **A\$75.96/tonne** exceeds expectations.

Gibbsite Bauxite Demand Has Tightened Most

Gibbsite-rich bauxite like Indonesian, Indian and ABx bauxite, is premium-priced because it is "low-temperature" gibbsite-rich bauxite, often called THA or trihydrate bauxite that processes into alumina at low temperatures less than 150°C. By comparison, Weipa and Chinese bauxite process into alumina at high-temperature (250° to more than 300°C), and is called MHA monohydrate bauxite, rich in boehmite or diaspor. Low-temperature refineries must use gibbsite bauxite to fully-achieve the cost benefits of the low-temperature refining process.

ABx bauxite is also valued for its low SiO₂ – a major contaminant problem for many bauxite suppliers.

Many of China's largest alumina refineries are low-temperature types of refineries which until now, relied on imports of low-temperature gibbsite bauxite from Indonesia. In 2013 China imported 72 million tonnes of bauxite, of which 49 million tonnes or 68% came from Indonesia. In 2014, China imported only 54 million tonnes in total but needs more than 65 million tonnes of imported bauxite today and even larger tonnages in future to feed its rapidly growing aluminium industry.

Chinese buyers want alternative suppliers and Australia is the logical new supplier country. ABx is the only new supplier of trihydrate gibbsite bauxite and ABx has been approached by many potential Chinese customers for shipments in coming months as ABx's first mine in Tasmania ramps up.

Australian Bauxite Limited plans to ship low temperature, gibbsite bauxite with low SiO₂ commencing shipment in mid-2015, initially from its Tasmanian mines and eventually building a very large bauxite project in central QLD around its Binjour project, 115kms inland from Bundaberg.

ABx aspires to become the third largest single supplier of bauxite into China and will possibly also sell into India, the Middle East and Australia over the next 6 years, specialising in the gibbsite trihydrate bauxite market niche so as to not compete with larger Australian suppliers of boehmite-rich MHA bauxite. ABx will differentiate itself as an all-year round consistent supplier of clean gibbsite trihydrate bauxite that can improve the blend with all other bauxites.

Current Mineral Resource Overview ³

1. Tasmania

Table 2: Summary of Maiden Bauxite Resources, 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.

³ See Resource Statement on page 19

Table 3: Summary of Direct Shipping ("DSO") Bauxite Resources, Tasmania

In-Situ DSO Bauxite			Raw, unsieved in situ bauxite											Over-burden 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. Erosion has dissected the plateaus, leaving remnant ridges of bauxite, typically 0.5 to 2kms long. Further drilling has been conducted over the bauxite deposits at Fingal Rail, resource estimation is underway.

Cross sections in Figures 9 & 10 below show the bauxite geology at DL-130 and Bald Hill respectively.

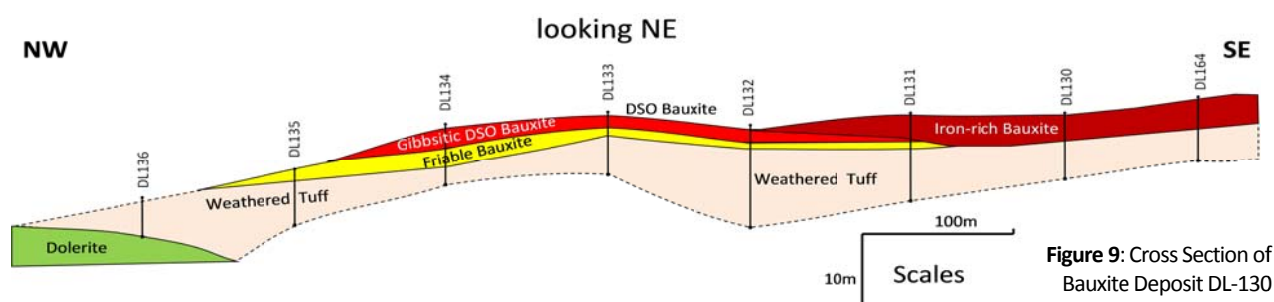


Figure 9: Cross Section of Bauxite Deposit DL-130

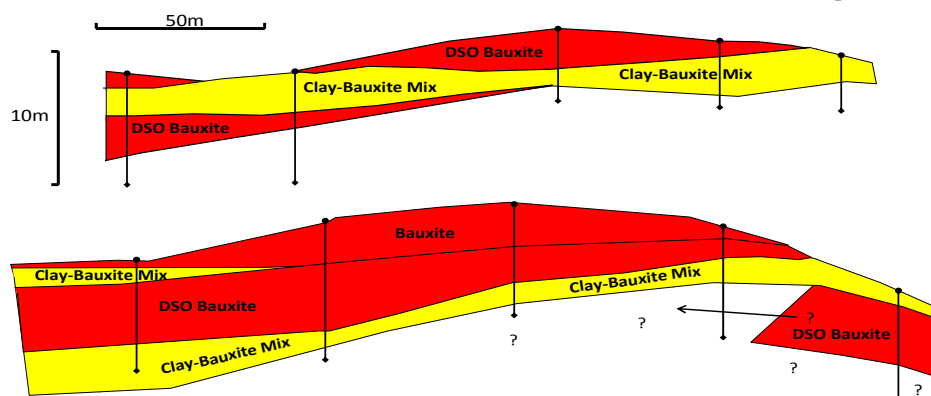


Figure 10: Cross-Sections of Bald Hill Bauxite Deposits

2. Binjour Bauxite Project, Central QLD

Binjour project comprises 5 Exploration Permits (EPMs) and one Mining Lease (ML) around Binjour between Mundubbera and Gayndah, 115 kms southwest of Bundaberg Port, central QLD (see Fig 11).

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 4: Summary of Bauxite Resources at Binjour, Central Queensland

DSO Bauxite Resources			Sieved at 0.26mm										Overburden m	Internal Waste m
Resource category	Tonnes millions	Bauxite 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 %		
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

Binjour is approximately 115 kms from the nearest Port at Bundaberg which can be upgraded to allow for bulk exports (Figure 12). Transport infrastructure options are being assessed as part of an industry-government joint project.

Mining Lease Mundubbera Queensland

ABx has an option to purchase Mining Lease ML80126 at Toondoon, located 25 south of Mundubbera and 155 km southwest of Bundaberg Port in central Queensland (see Figure 13).

This granted mining lease ML80126 may be fast-track route to the commencement of ABx's large Binjour Bauxite Project (see Figure 15) if needed to supply the buoyant bauxite market, which is currently seriously short of this type of gibbsite trihydrate (THA), low reactive silica bauxite.

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 14) and enabled the estimation of an Inferred Resource.

**Figure 13:** Binjour & ML Locations

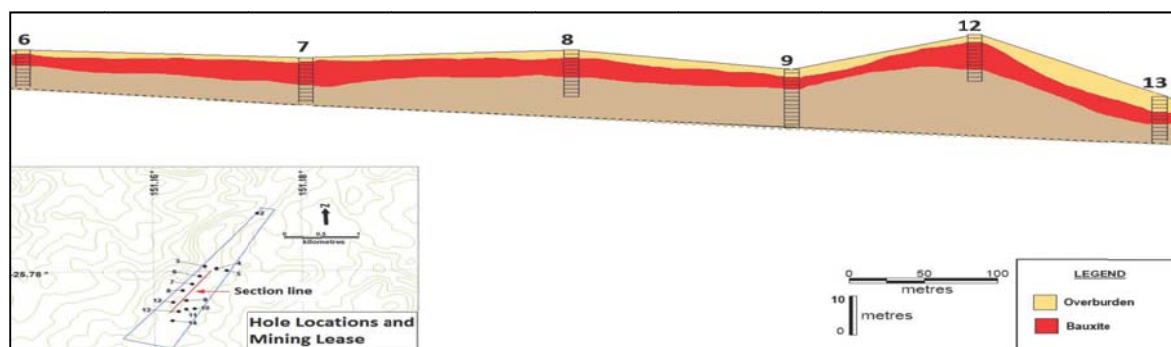


Figure 14: Drillhole section showing continuity of bauxite layer. Extraction appears straightforward.

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

Table 5: 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 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 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 (Figures 12 & 13). Shipping into and out of Bundaberg Port occurs via deep, sand-bottomed shipping channels connected to the eastern Australian deep-water 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-serviced 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.

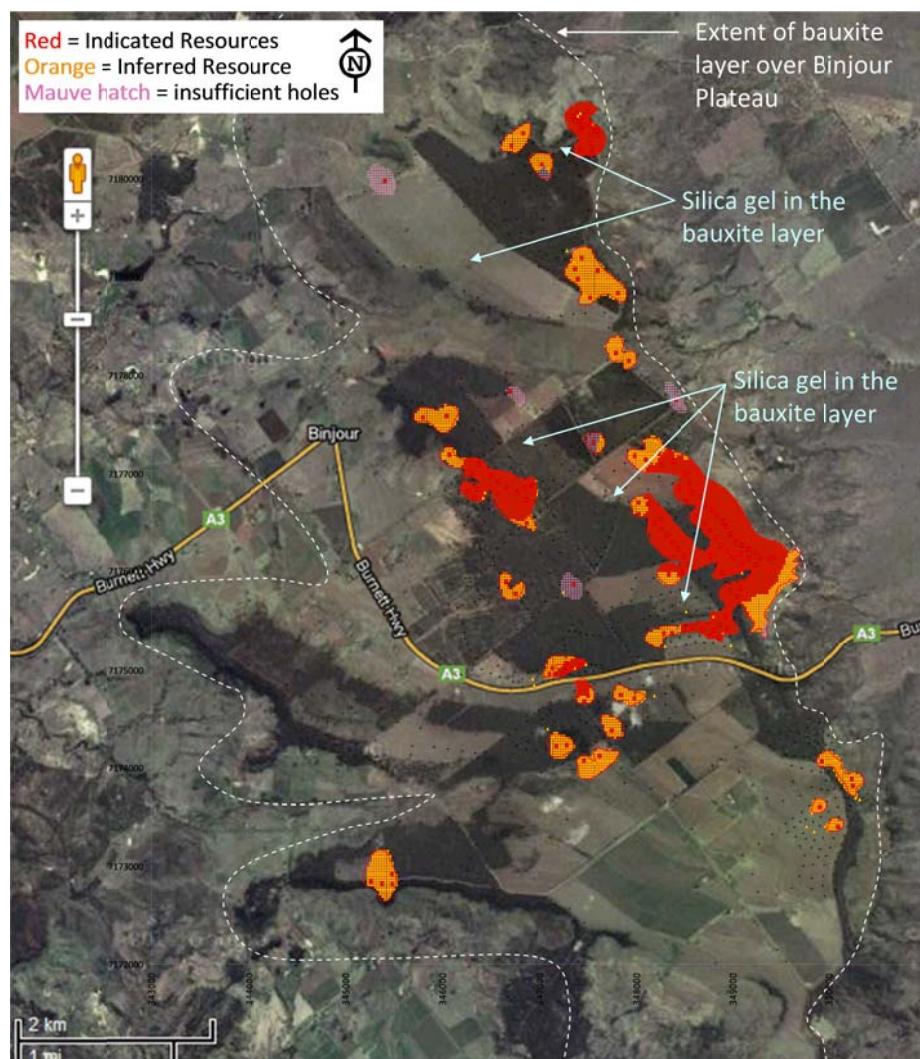


Figure 15: Resource Categories and Bauxite Types Across Binjour Plateau

3. Goulburn Bauxite Projects, Southern NSW

Goulburn projects comprise of six Exploration Licences and Application for an Exploration Licence centred around the old mining-pastoral city of Goulburn, southern NSW and is 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.

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.



Figure 16: Goulburn Locations

Current JORC compliant resources are as follows:

Table 6: Summary of Bauxite Resources at Taralga, Southern NSW

DSO Bauxite Resources				Sieved at 0.26mm												
														ver-	Internal	
														rden	Waste	
Inferred	9.9	4.6 m	3.1 m	35.2	1.9	8.3	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	8.8	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	8.5	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												
														ver-	Internal	
														rden	Waste	
Inferred	7.6	4.8 m	2.5 m	22.1	1.3	6.8	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	9.8	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	8.4	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												
														ver-	Internal	
														rden	Waste	
Inferred	17.5	4.6 m	3.1 m	2.5 m	1.7	7.6	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	9.3	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	8.5	39.2	5.2	7.6	32.0	3.8	18.3	63%	0.4 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.

Cut-off grades applied: Minimum 30% Al_2O_3 , 2m thickness & 3 data points in 350m search ellipse for each 25m x 25m block. Leach conditions to measure available alumina " Al_2O_3 Avl" & reactive silica " Rx SiO_2 " is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Rx" ratio is $(\text{Al}_2\text{O}_3 \text{ Avl})/(\text{Rx SiO}_2)$. Values above 10 are excellent. "A/S" ratio is $\text{Al}_2\text{O}_3/\text{SiO}_2$ where the SiO_2 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 it has formed on volcanic rocks of Lower Tertiary age. 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 17 below through the thick bauxite discovery demonstrates the geological setting of these remarkable deposits. Potential extensions of this material have been identified.

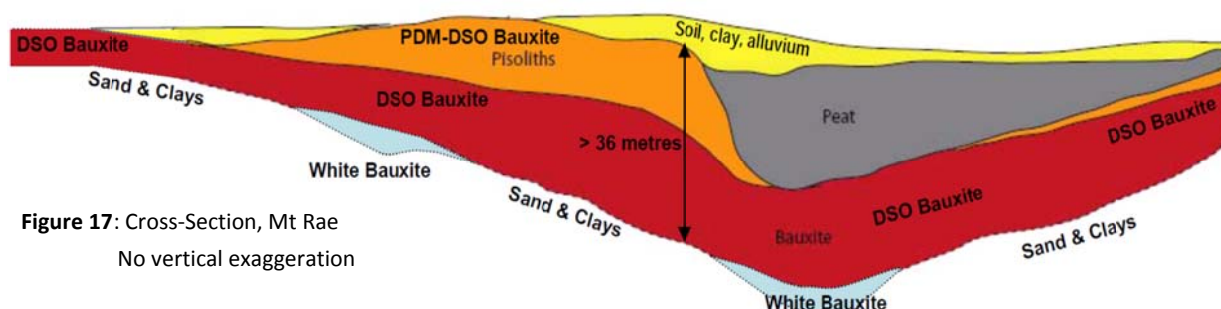


Figure 17: Cross-Section, Mt Rae
No vertical exaggeration

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 18 shows a pit face of bauxite from Goulburn South.

A large portion of the Goulburn South project was covered by two Ministerial Mining Reserves for the protection of sand deposits in the pine plantations. These two Mining Reserves have recently been removed and ABx has applied for the prospective areas. Goulburn South could commence production at low capital cost and moderate operating cost, exporting bauxite from Port Kembla.



Figure 18:

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 19). 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.



Fig 19: Northern NSW Locations

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

Table 7: Summary of Bauxite Resources at Inverell, Northern NSW

Bauxite Resources				Sieved at 0.26mm									
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 %	Yield %
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 8: Maiden Bauxite Resources at Guyra, Northern NSW

				Sieved at 0.26mm									
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 %	Yield %
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.

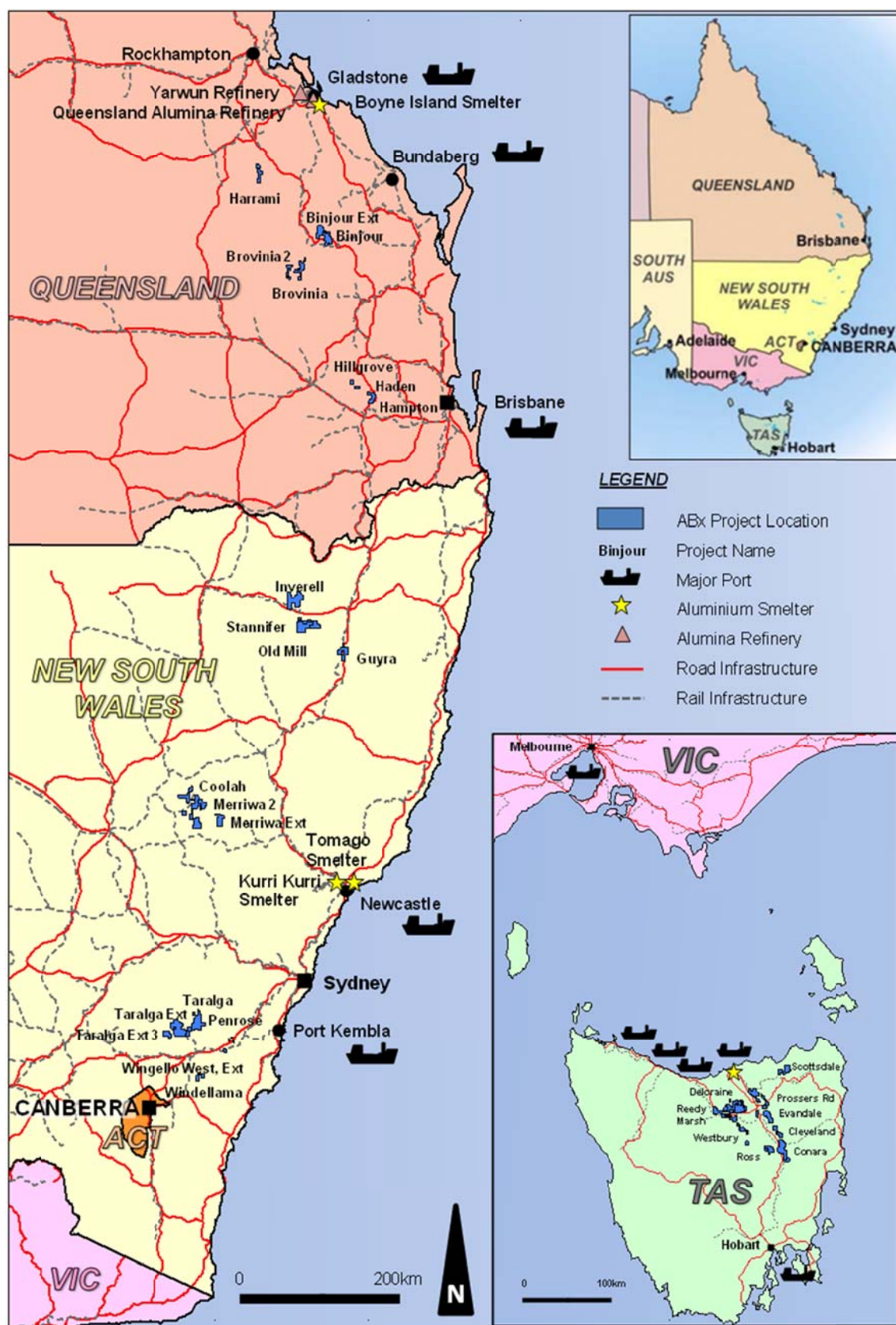
Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143 degrees C for 30 mins. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂). Values above 10 are excellent. "A/S" ratio is Al₂O₃/SiO₂. Tonnage is for bauxite in-situ. Yield is for screening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

Logistical Setting of Northern NSW Bauxite

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 even though Inverell, Stannifer and Guyra may form part of a sizeable bauxite province in northern NSW.

Further Work Planned In Northern NSW

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.



ABx Project Tenements and Major Infrastructure

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. The Mineral Resources have increased since December 2013 following declaration of the Mineral Resources at Campbell Town Area, Tasmania on 24 March 2015.

Table 6: ABx JORC Compliant Resource Estimates

Region	Resource Category	Million Tonnes	Thickness	Al ₂ O ₃	SiO ₂	A/S	Fe ₂ O ₃	TiO ₂	LOI	Al ₂ O ₃ Avl @ 143°C	Rx SiO ₂	Avl/Rx	Lab Yield	O'Bur den	Int. Waste
		mt	m	%	%	ratio	%	%	%	%	%	ratio	%	m	m
CAMPBELL TOWN AREA TASMANIA ⁷	Inferred	1.8	3.0	42.6	3.5	12	25.4	3.5	24.6	36.7	3.0	12	50	2.1	0.1
	Indicated	1.7	3.2	42.5	3.2	14	26.4	3.0	24.5	36.2	2.8	14	55	1.8	0.1
	Total	3.5	3.1	42.5	3.3	13	25.9	3.3	24.5	36.5	2.9	13	52	2.0	0.1
DL-130 AREA TAS ¹	Inferred	5.7	3.8	44.1	4.3	10	22.8	3.1	25.0	37.6	3.2	12	55	1.5	0.1
	Total Tas	9.2	3.5	43.5	3.9	11	24.0	3.2	24.8	37.2	3.1	12	54	1.7	0.1
BINJOUR QLD ²	Inferred	9.0	3.9	43.7	4.5	10	22.4	3.6	24.2	38.0	3.8	10	59	8.2	0.3
	DSO Indicated	15.5	5.3	44.2	3.1	15	23.4	3.7	24.9	39.5	2.6	15	62	9.4	0.3
	Total	24.5	4.8	44.1	3.6	12	23.1	3.7	24.6	39.0	3.0	13	61	8.9	0.3
TOONDOON QLD ³	Inferred	3.5	4.9	40.2	7.2	6	25.3	4.9	21.7	32.8	5.2	6	67	1.5	0.0
TARALGA S. NSW ⁴	Inferred	9.9	3.1	40.4	5.7	7	24.6	4.1	22.2	35.2	1.9	18	54	0.1	0.2
	Indicated	10.2	3.7	41.3	5.3	8	25.9	4.0	22.9	36.1	1.9	19	55	0.7	0.4
	Total	20.1	5.6	40.8	5.5	7	25.3	4.0	22.6	35.7	1.9	19	55	0.5	0.3
PDM-DSO*	Inferred	7.6	2.5	37.0	6.0	6	38.4	3.5	13.3	22.1*	1.3	17	72	0.2	0.1
	Indicated	10.3	3.1	37.6	3.9	10	40.4	3.7	13.5	22.4*	1.1	20	71	0.7	0.4
	Total	17.8	5.8	37.3	4.8	8	39.6	3.6	13.5	22.3*	1.2	18	72	0.5	0.3
	Total Taralga	37.9	5.7	39.2	5.2	8	32.0	3.8	18.3	35.4	1.6	23	63	0.5	0.3
INVERELL N. NSW ⁵	Inferred	17.5	4.7	39.8	4.8	8	27.7	4.3	22.2	31.0	4.2	7	61	2.3	
	Indicated	20.5	4.8	40.6	4.7	9	26.9	4.1	22.5	32.0	4.0	8	60	2.4	
	Total	38.0	4.8	40.2	4.7	9	27.3	4.2	22.4	31.6	4.1	8	61	2.4	
GUYRA N. NSW ⁶	Inferred	2.3	4.2	41.4	3.6	12	26.2	3.3	24.6	35.0	2.8	13	56	3.4	
	Indicated	3.8	5.9	43.1	2.6	16	27.3	3.9	24.5	37.4	2.0	18	61	4.4	
	Total	6.0	5.3	42.5	3.0	14	26.9	3.7	24.5	36.5	2.3	16	59	4.0	
GRAND TOTAL ALL AREAS		119.1								* PDM is Al ₂ O ₃ spinel. Al ₂ O ₃ Avl at 225°C is >35%					

Explanations: All resources 100% owned & unencumbered. Resource tonnage estimates are quoted as in-situ, pre mined tonnages. All assaying done at NATA-registered ALS Laboratories, Brisbane. **Chemical definitions:** Leach conditions to measure available alumina "Al₂O₃ Avl" & reactive silica "Rx SiO₂" is 1g leached in 10ml of 90gpl NaOH at 143°C for 30 minutes. LOI = loss on ignition at 1000°C. "Avl/Rx" ratio is (Al₂O₃ Avl)/(Rx SiO₂) and "A/S" ratio is Al₂O₃/SiO₂. Values above 6 are good, above 10 are excellent. Tonnage is for bauxite in-situ. Lab Yield is for drill dust samples screened by ALS lab at 0.26mm. Production yields are not directly related and are typically between 60% and 75%. Tonnages requiring no upgrade will have 100% yield. Resource estimates exclude large tonnages of potential extensions, overburden & interburden detrital bauxite and underlying transitional bauxite mineralisation. Production will clarify these materials.

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

Avl Al₂O₃ = available Al₂O₃ at 143°C Rx = reactive SiO₂ Avl/Rx = available alumina to reactive silica ratio, A/S = alumina/silica ratio, LOI = loss on ignition, OB = overburden, Int W = internal waste, DSO = Direct Shipping Bauxite, PDM = poorly diffracting material (under XRD), Lab Yield = wet screen yield from drill dust
The information above relates to Mineral Resources previously reported according to the JORC Code (see Competent Person Statement) as follows:

¹ Maiden Tasmania Mineral Resource, 5.7 million tonnes announced on 08/11/2012

² Binjour Mineral Resource, 24.5 million tonnes announced on 29/06/2012

³ QLD Mining Lease 80126 Maiden Resource, 3.5 million tonnes announced on 03/12/2012

⁴ Goulburn Taralga Bauxite Resource Increased by 50% to 37.9 million tonnes announced on 31/05/2012

⁵ Inverell Mineral Resource update, 38.0 million tonnes announced on 08/05/2012

⁶ Guyra Maiden Mineral Resource, 6.0 million tonnes announced on 15/08/2011

⁷ Initial resources for 1st Tasmanian mine, 3.5 million tonnes announced on 24/03/2015

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) and in the case of Tasmania in accordance with the JORC Code (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 underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

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

General

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

Mainland

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

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

Tasmania

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

Mr Rebek and Mr Levy have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Rebek and Mr Levy have consented in writing to the inclusion in this report of the Exploration Information in the form and context in which it appears.

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 2014.

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	<p>The net consolidated loss of the Group for the year ended 31 December 2014 was \$2,485,723 (2013: net loss \$1,719,014). The consolidated loss arises largely from the exploration activities during the year in Eastern Australia and Tasmania.</p> <p>Total Shareholders’ Funds as at 31 December 2014 are \$17.75 million.</p> <p>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.</p>																				
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 4 to 20 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	<p>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:</p> <table><tr><td>Paul A Lennon</td><td>Non-Executive Chairman</td><td></td></tr><tr><td>Ian Levy</td><td>Managing Director & CEO</td><td></td></tr><tr><td>Ken Boundy</td><td>Non-Executive Director</td><td></td></tr><tr><td>Kon Tsiakis</td><td>Non-Executive Director</td><td>Appointed 31 March 2014 Retired 19 November 2014</td></tr><tr><td>Rado Jacob Rebek</td><td>Executive Director</td><td>Retired 18 March 2014</td></tr><tr><td>Hon. John Dawkins</td><td>Non-Executive Chairman</td><td>Retired 28 May 2014</td></tr></table>			Paul A Lennon	Non-Executive Chairman		Ian Levy	Managing Director & CEO		Ken Boundy	Non-Executive Director		Kon Tsiakis	Non-Executive Director	Appointed 31 March 2014 Retired 19 November 2014	Rado Jacob Rebek	Executive Director	Retired 18 March 2014	Hon. John Dawkins	Non-Executive Chairman	Retired 28 May 2014
Paul A Lennon	Non-Executive Chairman																				
Ian Levy	Managing Director & CEO																				
Ken Boundy	Non-Executive Director																				
Kon Tsiakis	Non-Executive Director	Appointed 31 March 2014 Retired 19 November 2014																			
Rado Jacob Rebek	Executive Director	Retired 18 March 2014																			
Hon. John Dawkins	Non-Executive Chairman	Retired 28 May 2014																			

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
Paul A Lennon	4	5	1	1	2	2
Ian Levy	5	5	1	1	2	2
Ken Boundy	5	5	1	1	2	2
Kon Tsiakis ³	2	2	0	0	1	1
Rado Jacob Rebek ⁴	2	2	0	0	0	0
John Dawkins ⁵	3	3	1	1	1	1

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 Kon Tsiakis appointed 31 March 2014, retired on 19 November 2014

⁴ Rado Jacob Rebek retired on 18 March 2014

⁵ John Dawkins retired on 28 May 2014

INFORMATION ON DIRECTORS AND MANAGEMENT

Directors

Paul Anthony Lennon

Non-Executive Chairman of Australian Bauxite Limited - Appointed on 28 November 2013

Experience and expertise	<p>Mr Lennon served as the 42nd 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).</p> <p>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.</p>
Other Current Directorships of Listed Companies	None
Former Directorships in the Last Three Years of Listed Companies	None
Special Responsibilities	<p>Chairman</p> <p>Member of the Remuneration and Audit Committee</p>
Interests in Shares	161,728 shares – indirectly held

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	None
Former Directorships in the Last Three Years of Listed Companies	Chairman of Dynasty Resources Limited (formerly Dynasty Metal Resources Limited)
Special Responsibilities	Managing Director and Chief Executive Officer
Interests in Shares	2,970,189 Shares- indirectly held

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

Kon Tsiakis**Non-Executive Director of Australian Bauxite Limited**

- Appointed on 31 March 2014
- Retired on 19 November 2014

Rado Jacob Rebek , Cert. App.Geo**Executive Director of Australian Bauxite Limited**

- Appointed on 23 September 2009
- Retired on 18 March 2014

John S Dawkins AO, BEc, RDA**Non-Executive Chairman of Australian Bauxite Limited**

- Appointed on 7 December 2011
- Retired on 28 May 2014

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 prior to corporate work was in government services and previously worked at a Sydney commercial litigation practice. Mr Rockett is Company Secretary of Hudson Investment Group Limited and Hudson Resources Limited, Joint Company Secretary of Precious Metal Resources, Australian Bauxite Limited, Raffles Capital Limited, and Sovereign Gold Company Limited. In addition Mr Rockett acts as corporate legal counsel 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****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, there are no other matters or circumstances which have arisen since 31 December 2014 that have significantly affected or may significantly affect:

- The operations, in financial years subsequent to 31 December 2014, of the Group;
- The results of those operations; or
- The state of affairs, in financial years subsequent to 31 December 2014, 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, which presently consists of the whole board, will serve to determine the remuneration levels of any Executive Director's remuneration (including base salary, incentive payments, equity awards and service contracts) and remuneration issues 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 21. 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.

Paul A Lennon	Non-Executive Chairman	
Ian Levy	Managing Director and CEO	
Ken Boundy	Non-Executive Director	
Kon Tsiakis	Non-Executive Director	Appointed 31 March 2014, Retired 19 November 2014
Rado Jacob Rebek	Executive Director	Retired 18 March 2014
John Dawkins AO	Non-Executive Chairman	Retired 28 May 2014

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

	Short Term Employee Benefits		Post Employment Benefits	Long Term Benefits	Share Based Payments	Total
	Salary & other fees	Travelling Allowance	Super-annuation	Long Service Leave		
Consolidated Group 2014						
Directors	\$	\$	\$	\$	\$	\$
Paul A Lennon	21,668	-	-	-	-	21,668
Ian Levy	250,000	7,200	-	-	-	257,200
Ken Boundy	25,000	-	-	-	-	25,000
Kon Tsiakis	13,750	-	-	-	-	13,750
Rado Jacob Rebek	60,000	-	-	-	-	60,000
John Dawkins AO	21,212	-	-	-	-	21,212
Total-Directors	391,630	7,200	-	-	-	398,830
Other Key Management Personnel						
Julian Rockett	-	-	-	-	-	-
Henry Kinstlinger	134,676	7,200	-	-	-	141,876
Benjamin Amzalak	147,450	-	-	-	-	147,450
Francis Choy	-	-	-	-	-	-
Total-KMP	282,126	7,200	-	-	-	289,326
Consolidated Group 2013						
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
Benny Amzalak	60,000	-	-	-	-	60,000
Francis Choy	-	-	-	-	-	-
Total-KMP	169,890	10,800	-	-	-	180,690

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 2014.

Corporate Service agreements

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

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.

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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						
2014						
Henry Kinstlinger						
- ESOP	663,734	-	46,800	710,534	710,534	15,600
- unsecured loan	33,913	-	2,700	36,613	36,613	900
Benjamin Amzalak	624,086	(632,020)	7,934	-	632,020	1,522
Benjamin Amzalak	35,604	(19,662)	1,719	17,661	37,002	-
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	-

* Market interest rate 6.0% (2013: 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. A second unsecured interest bearing full recourse loan of \$30,000 was advanced in 2012. Loans are repayable should the employee leave the Company. Full provision was made in 2014. None were written down during the year.

An interest bearing full recourse loan of \$450,000 was advanced to a consultant. The loan was fully repaid during the year. 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. Full provision of was made in 2014. 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

No options were issued or exercised during the year.

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 32.

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 Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
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	25,750	27,505	25,750	27,505
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	1,150	8,545	1,150	8,545
Advisory services	-	-	-	-
	1,150	8,545	1,150	8,545

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

Signed at Sydney
30 March 2015



Paul Lennon
Non-Executive Chairman

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Level 6, 350 Kent Street
Sydney NSW 2000

87- 89 Lyons Road
Drummoyne NSW 2047

KS Black & Co

Chartered Accountants

ABN: 57 446 398 808

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
Parramatta NSW 1750

**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AUSTRALIAN BAUXITE LIMITED
A.B.N 14 139 494 885
AND CONTROLLED ENTITIES**

We declare that, to the best of our knowledge and belief during the year ended 31 December 2014, there have been:

- i. No contraventions of the auditor independence requirements as set out in the *Corporation Act 2001* in relation to the audit; and
- ii. No contraventions of any applicable code of professional conduct in relation to the audit.

**K.S. Black & Co
Chartered Accountants**


**Phillip Miller
Partner**

30 March 2015

CORPORATE GOVERNANCE STATEMENT

The Company has adopted a Corporate Governance Plan, which forms the basis of a comprehensive system of control and accountability for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent they are applicable to the Company, the Board has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition ("Principles and Recommendations").

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate policies and practices as at the date of this Annual Report are outlined below and the Company's full Corporate Governance Plan is available in the corporate governance information section of the Company's website (<http://www.australianbauxite.com.au/Our-Commitment.htm>).

(a) Board Responsibilities

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- maintain and increase Shareholder value;
- ensure a prudential and ethical basis for the Company's conduct and activities;
- ensure compliance with the Company's legal and regulatory objectives consistent with these goals, and to achieve this the Board assumes the following responsibilities:
 - a. developing initiatives for profit and asset growth;
 - b. reviewing the corporate, commercial and financial performance of the Company on a regular basis;
 - c. acting on behalf of, and being accountable to, the Shareholders; and
 - d. identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis;

(b) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting.

However, subject thereto, the Company is committed to the following principles:

- the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and
- the principal criteria for the appointment of new Directors is their ability to add value to the Company and its business. All incumbent Directors bring an independent judgement to bear in deliberations and the current representation is considered adequate given the stage of the Company's development. The names, qualifications and relevant experience of each Director are set out on page 22.

(c) Code of Conduct

As part of its commitment to recognising the legitimate expectations of stakeholders and promoting practices necessary to maintain confidence in the Company's integrity, the Company has an established Code of Conduct (the Code) to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of ABX personnel for reporting and investigating unethical practices or circumstances where there are breaches of the Code.

These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. This Code governs all of the Company's commercial operations and the conduct of Directors, employees, consultants, contactors and all other people when they represent the Company. This Code also governs the responsibility and accountability required of the Company's personnel for reporting and investigating unethical practices.

The Board, management and all employees of the Group are committed to implementing this Code and each individual is accountable for such compliance. A copy of the Code is given to all employees, contractors and relevant personnel, including directors, and is available on the Company's website (under "Corporate Governance").

(d) Diversity Policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, among other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

(e) Continuous Disclosure

The Board has designated ABX's Company Secretary as the person responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

The Board has established a written policy for ensuring compliance with ASX Listing Rule disclosure requirements and accountability at senior executive level for that compliance. A copy of the Company's continuous disclosure policy can be found on the Company's web site (under "Corporate Governance").

(f) Audit Committee and Management of Risk

The Company's directors comprise the audit and risk committee.

(g) Remuneration Arrangements

The Board will decide the remuneration of an executive Director, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$200,000 per annum.

In addition, a Director may be paid fees or other amounts (subject to any necessary Shareholder approval) for example non-cash performance incentives such as Options as determined by the Board where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors. The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(h) Shareholder Communications

The Board tries to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions. Information is communicated to Shareholders through:

- annual and half-yearly financial reports and quarterly reports;
- annual and other general meetings convened for Shareholder review and approval of Board proposals;
- continuous disclosure of material changes to ASX for open access to the public; and,
- the Company maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

The auditor is invited to attend the annual general meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

(i) Trading in ABX Shares

ABX Share Trading Policy prohibits Directors from taking advantage of their position or information acquired, in the course of their duties, and the misuse of information for personal gain or to cause detriment to of the Group. Directors, senior executives and employees are required to advise the Company Secretary of their intentions prior to undertaking any transaction in ABX securities.

If an employee, officer or director is considered to possess material non-public information, they will be precluded from making a Security transaction until after the time of public release of that information.

A copy of the Company's Share Trading Policy is available on the Company's website (under "Corporate Governance").

(j) Corporate Social Responsibility

ABX is committed to conducting our operations and activities in harmony with the environment and society, and wherever practicable to work in collaboration with communities and government institutions in decision-making and activities for effective, efficient and sustainable solutions.

Our aim is to minimize our environmental footprint and safeguard the environment while sharing the benefits of share the benefits of mining with our employees and the community and contribute to economic and social development, minimizing our environmental footprint and safeguarding the environment, now and for future generations.

A copy of ABX Environmental, Health and Social Charter is available on the ABX website (under "Corporate Governance").

(k) Departures from recommendations

The Company is required to report any departures from the recommendations in its annual financial report.

The Company's compliance and departures from Recommendations as at the date of this Annual Report are set out in the following table:

ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

PRINCIPAL	Response
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	
Recommendation 1.1	
The entity should have and disclose a charter, which sets out the respective roles and responsibilities of the board, the chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management.	Complies. The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board. The responsibilities delegated to the senior management team are set out in the Board Charter. The Board Charter can be viewed on the Company's website http://www.australianbauxite.com.au/ .
Recommendation 1.2	
The entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director. The entity should provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	Complies. The Company has conducted appropriate checks for all current Directors. The Company will undertake appropriate checks before appointing a person, or putting forward to Shareholders a candidate for election, as a Director.
Recommendation 1.3	
The entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Does not Comply yet. Although all of the Directors do not yet have written agreements setting out the terms of their appointments, the Company will endeavour to bring these agreements into being in 2015.
Recommendation 1.4	
The company secretary of the entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Complies. A company secretary has been appointed and is accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board.
Recommendation 1.5	
The entity should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Complies. The Board has established a Diversity Policy.
The entity should disclose in its annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	The Diversity Policy is available at the Company's website and is set out in the Company's annual report.
The entity should disclose in its annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Details of the Company's measurable objectives for achieving gender diversity and its progress towards achieving them and the entity's gender diversity figures are set out in the Company's annual report.

Recommendation 1.6	
The entity should have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors and disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Will comply. The Company will disclose the process for evaluating the performance of the Board, its committees and individual directors in its future annual reports. Details of the performance evaluations undertaken will be set out in future annual reports.
Recommendation 1.7	
The entity should have and disclose a process for periodically evaluating the performance of its senior executives and disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process	Complies. Senior executive key performance indicators are set annually, with performance appraised by the Board, and reviewed in detail by the Board. The internal review is to be conducted on an annual basis and if deemed necessary an independent third party will facilitate this internal review. Details of the performance evaluations undertaken will be set out in future annual reports.
PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE	
Recommendation 2.1	
The entity's board should have a nomination committee, which has at least three members, a majority of whom are independent directors and is chaired by an independent director.	Does not Comply. The Company does not have a nomination committee.
The entity should disclose the charter of the committee, the members of the committee and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Currently the role of the nomination committee is undertaken by the full Board. The Company intends to establish a nomination committee once the Company's operations are of sufficient magnitude.
If the entity does not have a nomination committee, it should disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.	The Company does not have a nomination committee. The Board evaluates the skills, experience of its members and then determines whether additional members should be invited to the Board to complement or replace the existing members.
Recommendation 2.2	
The entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Does not yet comply. The Company intends to develop a board skill matrix setting out the mix of skills and diversity the Board has and requires within 2015. The skill matrix will be available at the Company's website once finalised.
Recommendation 2.3	
The entity should disclose the names of the directors considered by the board to be independent directors and the length of service of each director.	Complies. Paul Lennon is Non-Executive Chairman, appointed 18 June 2014. Ken Boundy is a Non-Executive Director, appointed 6 June 2012.

The entity should disclose if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion.	The independence of directors and the length of service of each director are set out in the Company's annual report. Details of any relevant interest, position, association or relationship impacting upon a director's independence will be set out in the Company's annual report.
Recommendation 2.4	
A majority of the board of the entity should be independent directors.	Complies.
Recommendation 2.5	
The chair of the board of the entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Complies. The chair is an independent director, and is a different person to the CEO of the entity.
Recommendation 2.6	
The entity should have a program for inducing new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.	Does not yet comply. Currently the induction of new directors and plan for professional development is managed informally by the full Board. During 2015, the Company intends to develop a formal program for inducing new directors and providing appropriate professional development opportunities.
PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY	
Recommendation 3.1	
The entity should establish a code of conduct and disclose the code or a summary of the code.	Complies. The Board has established a Code of Conduct to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of the Group's personnel for reporting and investigating unethical practices or circumstances where there are breaches of the Code. The Code of Conduct can be viewed on the Company's website.
PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING	
Recommendation 4.1	
The board of the entity should have an audit committee, which consists only of non-executive directors, a majority of which are independent directors and is chaired by an independent chair, who is not chair of the board.	Complies.

<p>The entity should disclose the charter of the committee, the members of the committee and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</p>	<p>The Board has established an Audit and Risk Committee.</p> <p>Members of the Board have appropriate and relevant financial experience to act in this capacity.</p> <p>The Board has established an Audit and Risk Committee Charter.</p> <p>A summary of the charter and details of the number of times the committee met throughout the period and the individual attendances of the members at those meetings are set out in the Company's annual report.</p> <p>The full Audit and Risk Committee charter can be viewed on the Company's website.</p>
Recommendation 4.2	
<p>The board should disclose whether it has, before approving the entity's financial statements for a financial period received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively in all material respects in relation to financial reporting risks.</p>	<p>Complies.</p> <p>The Board requires the Chief Executive Officer and Chief Financial Officer to provide such a statement before approving the entity's financial statements for a financial period.</p>
Recommendation 4.3	
<p>When the entity has an AGM it should ensure that its external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>Complies.</p> <p>The external auditor attends the AGM and is available to answer questions from Security Holders relevant to the audit.</p>
PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE	
Recommendation 5.1	
<p>The entity should established written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclosed those policies or a summary of those policies.</p>	<p>Complies.</p> <p>The Company has a written policy on information disclosure. The focus of these policies and procedures is continuous disclosure and improving access to information for investors.</p> <p>Details of the entity's continuous disclosure policy can be viewed on the Company's website.</p>
PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS	
Recommendation 6.1	
<p>The entity should provide information about itself and its governance to investors via its website.</p>	<p>Complies.</p> <p>The Company has provided specific information about itself and its key personnel and has developed a comprehensive Corporate Governance Plan.</p> <p>Details can be found at the Company's website.</p>

Recommendation 6.2	
The entity should design and implement an investor relations program to facilitate effective two-way communication with shareholders.	Complies. The Company has established a Shareholder's Communication Policy. The Company recognises the importance of forthright communications and aims to ensure that the shareholders are informed of all major developments affecting the Company. Details of the Shareholder's Communication Policy can be found at the Company's website.
Recommendation 6.3	
The entity should disclose the policies and processes it has in place to facilitate and encourage participation at general meetings	Complies. The Shareholder's Communication Policy is available on the Company's website and details are set out in the Company's annual report.
Recommendation 6.4	
A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies. The Company has provided the option to receive communications from, and send communications to, the entity and its security registry electronically.
PRINCIPLE 7: RECOGNISE AND MANAGE RISK	
Recommendation 7.1	
The board of the entity should have a committee or committees to oversee risk each of which has at least three members, a majority of whom are independent directors and is chaired by an independent director.	Complies. The Board has established an Audit and Risk Committee to oversee risk which is comprised of the whole Board.
The entity should disclose the charter of the committee, the members of the committee and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Complies The Company's Charter for the Audit and Risk Committee is on the Company's website and the details of the number of times the committee met throughout the period and the individual attendances of the members at those meetings will be set out in the Company's annual report.
Recommendation 7.2	
The board or board committee should review the entity's risk management framework with management at least annually to satisfy it that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board.	Complies.

<p>The entity should also disclose in relation to each reporting period, whether such a review has taken place.</p>	<p>The Company's Corporate Governance Plan includes a Risk Management Review Procedure and Compliance and Control policy.</p> <p>The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.</p> <p>The Board has delegated to the Audit and Risk Committee the responsibility for implementing the risk management system.</p> <p>Details of the number of times the committee conducted a risk management review in relation to each reporting period will be disclosed in its annual reports.</p>
Recommendation 7.3	
<p>The entity should disclose if it has an internal audit function, how the function is structured and what role it performs.</p> <p>If the entity does not have an internal audit function, the entity should disclose that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>Does not yet comply.</p> <p>The Board has delegated the internal audit function to the Audit and Risk Committee and intends to establish and implement the structure and role of the internal audit function.</p> <p>The Company will disclose the details of the internal audit function in its future annual reports.</p>
Recommendation 7.4	
<p>The entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Complies.</p> <p>The Company has an Audit and Risk committee appointed to manage economic sustainability and risk. In addition to this the Company also has an Environmental and Social Charter on its website, and manages environmental and social sustainability risks accordingly.</p> <p>With respect to the Tenements the Company complies with environmental regulatory requirements and risk through the relevant authorities issued pursuant to permits from the relevant government departments in NSW, Qld and Tasmania.</p>
PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY	
Recommendation 8.1	
<p>The board should establish a remuneration committee, which has at least three members, a majority of whom are independent directors and is chaired by an independent director.</p>	<p>Partially Complies. The Company is not of a size that justifies having a separate Remuneration Committee so matters typically considered by such a committee are dealt with by the full Board, the majority of whom are Independent Directors.</p>
<p>If the entity does not have a remuneration committee, the entity should disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>The Board has adopted a Remuneration Committee Charter.</p> <p>However, the Company is not of a size that justifies having a separate Remuneration Committee so matters typically considered by such a committee are dealt with by the full Board.</p> <p>The Board intends to engage the services of an independent adviser to review the level and composition of remuneration for Directors and senior executives to ensure that such remuneration is appropriate and not excessive.</p>

Recommendation 8.2	
The entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.	<p>Complies.</p> <p>The Company distinguishes the structure of Non-executive Directors' remuneration from that of Executive Directors and senior executives.</p> <p>Details of the policies and practices regarding remuneration are set out in the Company's annual report.</p> <p>The Remuneration Committee Charter can be viewed on the Company's website.</p>
Recommendation 8.3	
If the entity has an equity-based remuneration scheme, the entity should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise), which limit the economic risk of participating in the scheme, and disclose that policy or a summary of it.	<p>Complies.</p> <p>The Company's Share Trading Policy prohibits executive staff from undertaking hedging or other strategies that could limit the economic risk associated with Company Securities issued under any equity based remuneration scheme.</p> <p>The Share Trading Policy can be viewed on the Company's website.</p>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	Consolidated Group		Parent Entity	
		2014 \$	2013 \$	2014 \$	2013 \$
Revenue	4	463,735	821,363	452,881	811,714
Administrative and exploration expenses		(2,298,435)	(1,459,476)	(939,097)	(999,033)
Consulting and professional expenses		(268,925)	(177,406)	(268,925)	(177,406)
Finance costs		(382,098)	(903,495)	(375,762)	(898,943)
(Loss)/Profit before income tax expense		(2,485,723)	(1,719,014)	(1,130,903)	(1,263,668)
Income tax expense	6(a)	-	-	-	-
(Loss)/Profit after tax for the year		(2,485,723)	(1,719,014)	(1,130,903)	(1,263,668)
Other Comprehensive Income					
Other comprehensive income for the year net of tax		-	-	-	-
Total comprehensive (loss)/income attributable to members of the consolidated entity		(2,485,723)	(1,719,014)	(1,130,903)	(1,263,668)
Earnings/(Loss) per share		Cents	Cents		
Basic (loss)/earnings per share (cents)	23	(1.96)	(1.51)		
Diluted (loss)/earnings per share (cents)	23	(1.94)	(1.49)		

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	Consolidated Group		Parent Entity	
		2014	2013	2014	2013
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and cash equivalents	7	4,710,110	1,323,559	4,011,734	1,037,716
Trade and other receivables	8	135,408	722,406	22,532	644,240
Other current assets	9	11,613	8,927	11,613	8,927
Total current assets		4,857,131	2,054,892	4,045,879	1,690,883
Non-current assets					
Trade and other receivables	8	113,952	356,001	16,337,175	14,392,552
Plant and equipment	10	30,446	63,356	30,446	63,356
Mining tenements	11	13,526,255	13,117,454	-	-
Financial assets	12	15,000	15,000	15,500	15,500
Total non-current assets		13,685,653	13,551,811	16,383,121	14,471,408
Total Assets		18,542,784	15,606,703	20,429,000	16,162,291
LIABILITIES					
Current liabilities					
Trade and other payables	13	642,051	22,909	606,019	11,069
Employee benefits provision	14	78,040	35,082	78,040	35,082
Other Liabilities	15	11,800	11,130	11,800	11,130
Total current liabilities		731,891	69,121	695,859	57,281
Non-current liabilities					
Employee benefits provision	14	58,199	27,113	58,199	27,113
Total non-current liabilities		58,199	27,113	58,199	27,113
Total Liabilities		790,090	96,234	754,058	84,394
Net Assets		17,752,694	15,510,469	19,674,942	16,077,897
EQUITY					
Issued capital	16	24,483,627	19,755,679	24,483,627	19,755,679
Reserves	17	593,250	593,250	593,250	593,250
Accumulated losses		(7,324,183)	(4,838,460)	(5,401,935)	(4,271,032)
Total Equity		17,752,694	15,510,469	19,674,942	16,077,897

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the year ended 31 December 2014**

Consolidated Group	Notes	Issued Capital	Options Reserve	Accumulated Losses	Total Equity
		\$	\$	\$	\$
Balance at 1 January 2014	16	19,755,679	593,250	(4,838,460)	15,510,469
Contributions of equity		5,416,952	-	-	5,416,952
Share issuing cost		(689,004)	-	-	(689,004)
Loss for the year		-	-	(2,485,723)	(2,485,723)
Balance at 31 December 2014	16	24,483,627	593,250	(7,324,183)	17,752,694
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)
Loss for the year		-	-	(1,719,014)	(1,719,014)
Balance at 31 December 2013	16	19,755,679	593,250	(4,838,460)	15,510,469
Parent Entity		Issued Capital	Options Reserve	Accumulated Losses	Total Equity
		\$	\$	\$	\$
Balance at 1 January 2014	16	19,755,679	593,250	(4,271,032)	16,077,897
Contributions of equity		5,416,952	-	-	5,416,952
Share issuing cost		(689,004)	-	-	(689,004)
Loss for the year		-	-	(1,130,903)	(1,130,903)
Balance at 31 December 2014	16	24,483,627	593,250	(5,401,935)	19,674,942
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)
Loss for the year		-	-	(1,263,668)	(1,263,668)
Balance at 31 December 2013	16	19,755,679	593,250	(4,271,032)	16,077,897

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Notes	Consolidated Group		Parent Entity	
		2014	2013	2014	2013
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers		-	-	-	-
Payments to suppliers and employees		(2,348,227)	(4,045,116)	(574,087)	(1,103,348)
Interest received		57,514	67,090	57,514	59,941
Net cash (outflow)/inflow from operating activities	19	(2,290,713)	(3,978,026)	(516,573)	(1,043,407)
Cash flows from investing activities					
Acquisition of plant and equipment		-	(1,796)	-	(1,796)
Acquisition of investment		-	-	-	-
Advance to controlled entities		-	-	(2,186,673)	(2,818,438)
Repayment from/(Advance to) other party		105,000	(236,000)	105,000	(236,000)
Government fund received		502,016	405,132	502,016	405,132
Contribution received on funded expenditures		-	500,000	-	500,000
Net cash inflow/(outflow) from investing activities		607,016	667,336	(1,579,657)	(2,151,102)
Cash flows from financing activities					
Proceeds from issues of shares		5,759,252	2,792,700	5,759,252	2,792,700
Share issuing costs		(689,004)	(175,321)	(689,004)	(175,321)
Net cash inflow/(outflow) from financing activities		5,070,248	2,617,379	5,070,248	2,617,379
Net increase/(decrease) in cash and cash equivalents		3,386,551	(693,311)	2,974,018	(577,130)
Cash and cash equivalents at the beginning of the year		1,323,559	2,016,870	1,037,716	1,614,846
Cash and cash equivalents at the end of the year	7(a)	4,710,110	1,323,559	4,011,734	1,037,716

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. CORPORATE INFORMATION

The consolidated financial statement and notes of Australian Bauxite Limited for the year ended 31 December 2014 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 SIGNIFICANT 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.

Going Concern

This financial report has been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and payments of liabilities in the normal course of business.

The directors believe the Company will be able to pay its debts as and when they fall due and to fund near term anticipated activities.

2. SUMMARY OF SIGNIFICANT 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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 SIGNIFICANT 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 SIGNIFICANT 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

Initial recognition and 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 SIGNIFICANT 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 SIGNIFICANT 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 Consolidated Statement of Profit or Loss and other Comprehensive Income during the financial period in which they are incurred.

2. SUMMARY OF SIGNIFICANT 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income. A revaluation deficit is recognised in the Consolidated 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 Consolidated 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 Consolidated Statement of Profit or Loss and Other 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 Consolidated Statement of Profit or Loss and Other 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis.

Company as lessor

Lease income from operating leases is recognised in the Consolidated Statement of Profit or Loss and Other 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

p. Employee benefits

(i) Short term employee benefits

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) Other long term employee benefits

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 Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Current				
Cash and cash equivalents	4,710,110	1,323,559	4,011,734	1,037,716
Trade and other receivables	72,727	693,604	72,727	693,604
Non-Current				
Trade and other receivables	839,952	790,001	17,063,175	14,826,552
	5,622,789	2,807,164	21,147,636	16,557,872

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 Group 2014						
Financial Liabilities						
Current						
Trade and other payables	642,051	642,051	140,036	502,015	-	-
Accrued payable	11,800	11,800	11,800	-	-	-
Non-Current						
Other Liabilities	-	-	-	-	-	-
Total financial liabilities at amortised cost	653,851	653,851	151,836	502,015	-	-
Consolidated Group 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	-	-	-
Parent Entity 2014						
Financial Liabilities						
Current						
Trade and other payables	606,019	606,019	104,004	502,015	-	-
Accrued payable	11,800	11,800	11,800	-	-	-
Non-Current						
Other Liabilities	-	-	-	-	-	-
Total financial liabilities at amortised cost	617,819	617,819	115,804	502,015	-	-
Parent Entity 2013						
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	-	-	-

3. FINANCIAL RISK MANAGEMENT

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 Group 2014	\$	\$	\$
Cash and cash equivalents	4,710,110	47,101	(47,101)
Tax charge of 30%		(14,130)	14,130
After tax increase/(decrease)	4,710,110	32,971	(32,971)

	Carrying Amount	+1% of Profit/ (Loss)	-1% of Profit/ (Loss)
Consolidated Group 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)
Parent Entity 2014	\$	\$	\$
Cash and cash equivalents	4,011,734	40,117	(40,117)
Tax charge of 30%		(12,035)	12,035
After tax increase/(decrease)	4,011,734	28,082	(28,082)

	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)

e. Currency risk

In 2014, the consolidated entity and parent entity were not exposed to foreign currency risk (2013: 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 Group		Parent Entity	
	2014	2013	2014	2013
Revenue	\$	\$	\$	\$
Interest income	116,450	163,731	106,851	156,582
Other Income				
Contribution received on funded expenditures	-	250,000	-	250,000
Government research and development concession received	337,516	405,132	337,516	405,132
Others	9,769	2,500	8,514	-
	463,735	821,363	452,881	811,714

5. EXPENSES

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Profit/(loss) before income tax arrived after (charging)/crediting the following specific items:				
Employee benefit expenses not capitalised	(303,812)	(235,318)	(303,812)	(235,318)
Depreciation	(32,910)	(32,856)	(32,910)	(32,856)
Lease payments	(5,176)	(6,900)	(5,176)	(6,900)

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

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
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

(Loss/Profit) from continuing operations before income tax expense	(2,485,723)	(1,719,014)	(1,263,668)	(1,263,668)
Income tax expense (benefit) calculated at 30% (2013:30%)	(745,717)	(515,704)	(379,100)	(379,100)
Timing differences not brought to account	(274,826)	(713,971)	-	(66,420)
Tax losses not brought to account	1,020,543	1,229,675	379,100	445,521
Income tax expense/(benefit) at effective tax rate of 30% (2013: 30%)	-	-	-	-

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

Deferred tax assets and liabilities have not been recognised in the balance sheet for the following items:

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Prior year unrecognised tax losses now ineligible due to change in tax consolidation group	-	-	-	-
Other deductible temporary differences	(445,090)	(312,011)	-	(221,401)
Deferred tax asset in respect of exploration activities not brought to account	(2,850,742)	(1,179,014)	(1,566,493)	(1,263,668)
Deferred tax liability in respect of exploration activities not recognised to the extent of unrecognised deferred tax asset	(408,801)	(2,067,892)	-	-
	(3,704,633)	(3,558,917)	(1,566,493)	(1,485,069)

7. CASH AND CASH EQUIVALENTS

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cash at bank and in hand	4,024,224	1,072,673	4,011,734	1,037,716
Cash held in trust - tenement guarantee	685,886	250,886	-	-
	4,710,110	1,323,559	4,011,734	1,037,716

a. Reconciliation to cash at the end of the year

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
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	4,710,110	1,323,559	4,011,734	1,037,716
Balances per Statement of Cash	4,710,110	1,323,559	4,011,734	1,037,716
Flows Weighted Average Interest Rates	3.40%	2.92%	3.28%	3.06%

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 Group		Parent Entity	
	2014	2013	2014	2013
Current	\$	\$	\$	\$
Tenement security deposit	106,000	109,010	-	12,500
Other deposits	-	-	-	20,364
Advance to other party	72,727	693,604	72,727	693,604
Share placement – fund in transit	-	342,300	-	342,300
Other receivables	12,681	7,492	5,805	5,472
Provision for doubtful debt	(56,000)	(430,000)	(56,000)	(430,000)
	135,408	722,406	22,532	644,240
Non-Current				
Receivable - Controlled entities	-	-	16,223,223	14,036,551
Receivable - Employee share plan	839,952	790,001	839,952	790,001
Provision for doubtful debt	(726,000)	(434,000)	(726,000)	(434,000)
	113,952	356,001	16,337,175	14,392,552

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. The loan plus interest was fully settled during the year.

The Company advanced a \$30,000 unsecured interest bearing full recourse loan to one officer in 2012. The Company advanced a \$35,000 interest bearing full recourse unsecured loan to consultant in 2013. A provision of \$56,000 was made at reporting date.

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. 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. A provision of \$726,000 was made at reporting date.

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.

	2014		2013	
	Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
Consolidated Group				
Receivable - Employee Share Plan	839,952	113,952	790,001	356,001
Parent Entity				
Receivable - Employee Share Plan	839,952	113,952	790,001	356,001
Receivables Related Party	72,727	16,727	693,604	263,604
Receivables Controlled Entities	16,223,223	16,223,223	14,036,551	14,036,551

9. OTHER CURRENT ASSETS

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Prepayments	11,613	8,927	11,613	8,927
	11,613	8,927	11,613	8,927

10. PLANT AND EQUIPMENT

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Plant and equipment				
At cost	78,015	78,015	78,015	78,015
Accumulated depreciation	(59,374)	(43,770)	(59,374)	(43,770)
Carrying value	18,641	34,245	18,641	34,245
Motor vehicles				
At cost	86,535	86,535	86,535	86,535
Accumulated depreciation	(74,730)	(57,424)	(74,730)	(57,424)
Carrying value	11,805	29,111	11,805	29,111
Total carrying value	30,446	63,356	30,446	63,356

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 Group	Plant & equipment	Motor Vehicles	Total
2014	\$	\$	\$
Carrying amount at 1 January 2014	34,245	29,111	63,356
Additions	-	-	-
Depreciation	(15,604)	(17,306)	(32,910)
Carrying amount at 31 December 2014	18,641	11,805	30,446

Consolidated Group	Plant & equipment	Motor Vehicles	Total
2013	\$	\$	\$
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

11. MINING TENEMENTS

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Mining tenements	13,526,255	13,117,454	-	-

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.

Application No	Licence No	Project	Status	Area (sq km)	Mining tenement \$
ABx1 Pty Ltd					
	EL 6997	Inverell	Renewal Pending	297	2,416,173
	EL 7361	Guyra	Granted	138	584,132
	EL 7597	Merriwa - 2	Granted	159	58,703
	EL 7858	Stannifer	Granted	147	65,119
	EL 7950	Merriwa Extension	Granted	108	21,121
	EL 8097	Coolah	Granted	300	35,784
	EL 8130	Old Mill	Granted	201	15,103
				1350	3,196,136

ABx2 Pty Ltd					
	EL 7269	Windellama	Renewal Pending	51	331,149
	EL 7279	Wingello West	Granted	21	320,557
	EL 7357	Taralga	Granted	246	1,523,130
	EL 7546	Penrose	Granted	18	55,016
	EL 7681	Taralga Extension	Granted	300	422,898
	EL 7912	Taralga 3rd Ext	Granted	309	16,156
	EL 7986	Walla Mines**	Renewal Pending	30	-
ELA 4038		Wingello Extended	Application	39	4,000
				1014	2,672,907
ABx3 Pty Ltd					
	EPM 17830	Haden	Granted	24	190,236
	EPM 17831	Hillgrove	Granted	18	169,254
	EPM 17790	Hampton	Renewal Pending	90	320,668
	EPM 18014	Binjour	Granted	126	2,148,338
	EPM 18772	Binjour Extension	Granted	42	480,708
	EPM 19390	Brovinia	Granted	147	27,524
	EPM 25146	Toondoon	Granted	9	13,306
	ML 80126	Tondoon ML**	Granted		-
EPMA 19427		Brovinia 2	Application	39	3,557
EPMA 25787		Harrami	Application	81	7,629
				576	3,361,221
ABx4 Pty Ltd					
	EL 4/2010	Evandale	Granted	83	76,755
	EL 6/2010	Cleveland	Granted	34	177,336
	EL 7/2010	Conara	Granted	154	2,388,354
	EL 9/2010	Deloraine	Granted	168	853,295
	EL 37/2010	Westbury	Granted	107	257,330
	EL 3/2012	Ross	Granted	103	70,969
	EL 12/2012	Scottsdale	Granted	82	184,816
	EL 16/2012	Reedy Marsh	Granted	109	150,566
	EL 18/2014	Prossers Road	Granted	135	4,601
	ML 1961P/M	Bald Hill	Granted		131,968
				975	4,295,991
Total				3915	13,526,255

12. FINANCIAL ASSETS

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
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 Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Current				
Trade payables	113,101	22,909	77,069	11,069
Other payables	528,950	-	528,950	-
	642,051	22,909	606,019	11,069

14. EMPLOYEE BENEFITS PROVISION

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Current				
Staff Leave Entitlement	78,040	35,082	78,040	35,082
Non-Current				
Staff Leave Entitlement	58,199	27,113	58,199	27,113

15. OTHER LIABILITIES

Accrued payable	11,800	11,130	11,800	11,130
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16. ISSUED CAPITAL

	Consolidated Entity and Parent Entity		Consolidated Entity and Parent Entity	
	2014	2013	2014	2013
	Number of Shares	Number of Shares	\$	\$
Ordinary shares issued	140,507,730	120,189,060	24,483,627	19,755,679

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

Date	Details	No. of shares	Issue price	
			\$	\$
31 Dec 2013	Balance	120,189,060		19,755,679
Jan 2014	Share placement	2,320,791	0.243	563,952
Mar 2014	Share placement	4,497,879	0.243	1,093,000
Dec 2014	Share placement	12,500,000	0.300	3,750,000
	Share placement – in	1,000,000	0.300	300,000
Dec 2014	lieu of services			
	Share placement fund in transit		0.300	(290,000)
	Share issuing costs			(689,004)
31 Dec 2014	Balance	140,507,730		24,483,627

b. Performance Employee Options

No employee performance options were exercised during the year. (2013: \$420,000 option)

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 Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
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
		2014	2013	
		%	%	
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	100	Australia
XBxTASML1 Pty Ltd	Ordinary	100	100	Australia

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

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
(Loss)/Profit for the year	(2,485,723)	(1,719,014)	(1,130,903)	(1,263,668)
Capitalised exploration expenditure	(408,801)	(2,067,892)	-	-
Non cash item	380,910	32,856	380,910	32,856
Change in operating assets and liabilities:				
(Increase)/Decrease in trade and other receivables	64,833	(126,040)	99,545	213,706
(Increase)/Decrease in other current assets	(2,687)	43,507	(2,687)	43,507
(Increase)/Decrease in other operating assets	-	-	-	-
Increase/(Decrease) in trade and other creditors and provisions	160,755	(141,443)	136,562	(69,808)
(Increase) in deferred tax assets	-	-	-	-
Increase in deferred tax liabilities	-	-	-	-
Net cash (outflow)/inflow from operating activities	(2,290,713)	(3,978,026)	(516,573)	(1,043,407)

20. SEGMENT INFORMATION

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

	For Mineral Exploration and Development of Resources in Australia	
	2014	2013
	\$	\$
Revenue		
- Interest income	116,450	163,731
- R&D Tax offset income	337,516	405,132
- Others	9,769	252,500
Total Revenue	463,735	821,363
Exploration and Other Expenses	(2,916,548)	(2,507,521)
Depreciation & amortisation expenses	(32,910)	(32,856)
Segment results	(2,485,723)	(1,719,014)
Assets		
Current assets	4,857,131	2,054,892
Plant & equipment	30,446	63,356
Exploration and evaluation assets	13,526,255	13,117,454
Other non current assets	128,952	371,001
Total assets	18,542,784	15,606,703
Current liabilities	(731,891)	(69,121)
Non-current liabilities	(58,199)	(27,113)
Net assets	17,752,694	15,510,469

21. COMMITMENTS AND CONTINGENT LIABILITIES

Tenement Expenditure Commitments	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Minimum tenement exploration expenditures	1,216,500	1,361,030	-	-
Tenement lease payment	58,600	147,951	-	-
	1,275,100	1,508,981	-	-

The minimum exploration expenditure commitments \$1.21 million and lease payments \$0.06 million on the Company's exploration tenements totalling approximately \$1.27 million 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 2014.

Corporate Service agreement

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

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

Lease commitments	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Non-cancellable operating leases - future minimum lease payments				
Within one year	-	5,175	-	5,175
Later than one year but not later than 5 years	-	-	-	-
Later than 5 years	-	-	-	-
	-	5,175	-	5,175

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, which have arisen since 31 December 2014 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2014, of the Group;
- the results of those operations; or
- the state of affairs, in financial years subsequent to 31 December 2014, of the Group.

23 EARNINGS/(LOSS) PER SHARE

	Consolidated Group	
	2014	2013
	Cents	Cents
Basic earnings/(loss) per share	(1.96)	(1.51)
Fully diluted earnings/(loss) per share	(1.94)	(1.49)
	2014	2013
	\$	\$
Profit/(loss) from continuing operations used in calculating basic and fully diluted earnings per share	(2,485,723)	(1,719,014)
	2014	2013
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	126,996,285	113,853,968
Adjustments for calculation of diluted earnings per share:		
Options issued	1,380,000	1,380,000
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	128,376,285	115,233,968

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:

- Paul A Lennon Non-Executive Chairman
- Ian Levy Managing Director
- Ken Boundy Non-Executive Director
- Kon Tsiakis Non-Executive Director Appointed 31 March 2014
Retired 19 November 2014
- John Dawkins Non-Executive Deputy Chairman Retired 28 May 2014
- Rado Jacob Rebek Executive Director Retired 18 March 2014

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 Group		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Directors				
Short term employee benefits	398,830	143,272	398,830	143,272
Post employment benefits	-	-	-	-
Long term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share based payments	-	-	-	-
	398,830	143,272	398,830	143,272
Other Key Management Personnel				
Short term employee benefits	289,326	180,690	289,326	180,690
Post employment benefits	-	-	-	-
Long term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share based payments	-	-	-	-
	289,326	180,690	289,326	180,690

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

	Short Term Employee Benefits		Post Employment Benefits	Long Term Benefits		
	Salary & other fees	Travelling Allowance	Super-annuation	Long Service Leave	Share Based Payments	Total
Consolidated Group 2014						
Directors	\$	\$	\$	\$	\$	\$
Paul A Lennon	21,668	-	-	-	-	21,668
Ian Levy	250,000	7,200	-	-	-	257,200
Ken Boundy	25,000	-	-	-	-	25,000
Kon Tsiakis	13,750	-	-	-	-	13,750
Rado Jacob Rebek	60,000	-	-	-	-	60,000
John Dawkins AO	21,212	-	-	-	-	21,212
Total-Directors	391,630	7,200	-	-	-	398,830
Other Key Management Personnel						
Julian Rockett	-	-	-	-	-	-
Henry Kinstlinger	134,676	7,200	-	-	-	141,876
Benjamin Amzalak	147,450	-	-	-	-	147,450
Francis Choy	-	-	-	-	-	-
Total-KMP	282,126	7,200	-	-	-	289,326
Consolidated Group 2013						
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
Benny Amzalak	60,000	-	-	-	-	60,000
Francis Choy	-	-	-	-	-	-
Total-KMP	169,890	10,800	-	-	-	180,690

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:**

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

**Shareholdings and Option Holdings of Key Management Personnel
Shares held in Australian Bauxite Limited
2014**

Directors	Balance at beginning of year	Changes during the year	Balance at end of year
Paul A Lennon	100,000	61,728	161,728
Ian Levy	2,908,461	61,728	2,970,189
Ken Boundy	180,000	-	180,000
John Dawkins ¹	350,000	(350,000)	-
Rado Jacob Rebek ²	570,000	(570,000)	-
Kon Tsiakis	-	-	-
Other Key Management Personnel			
Henry Kinstlinger	800,000	-	800,000
Julian Rockett	-	-	-

¹ Mr John Dawkins retired as at 28 May 2014

² Rado Jacob Rebek retired as at 18 March 2014

24. KEY MANAGEMENT PERSONNEL DISCLOSURES continued**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

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 2014						
Henry Kinstlinger						
- ESOP	663,734	-	46,800	710,534	710,534	15,600
- unsecured loan	33,913	-	2,700	36,613	36,613	900
Benjamin Amzalak	624,086	(632,020)	7,934	-	632,020	1,522
Benjamin Amzalak	35,604	(19,662)	1,719	17,661	37,002	-
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	-

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. 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 was fully settled during the year. 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 Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
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	25,750	27,505	25,750	27,505
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	1,150	8,545	1,150	8,545
Advisory services	-	-	-	-
	1,150	8,545	1,150	8,545

26. SHARE BASED PAYMENTS

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

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	Number	Number	Number	Number
Vested and exercisable at beginning of the year	-	920,000	-	920,000
Granted and vested during the year	-	-	-	-
Exercised during the year	-	(420,000)	-	(420,000)
Expired during the year	-	(500,000)	-	(500,000)
Vested and exercisable at end of the year	-	-	-	-

Option expenses

Share options granted	-	-	-	-
Expense recognised as costs	-	-	-	-
Deducted from equity	-	-	-	-
Fair value per option at grant time	-	-	-	-

	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

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 2014:

Corporate services fee**Consolidated Group and parent entity**

The Company paid a corporate service fee to Hudson Corporate Limited (HCL), a wholly owned subsidiary of Hudson Investment Group Limited of \$207,600(2013: \$401,600) as payment of sharing rent, administration, accounting, secretarial and compliance costs incurred by HCL on behalf of the group.

e. Outstanding Balance

	Consolidated Group		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Receivable				
Non-current				
Advance to controlled entities	-	-	16,223,223	14,036,551
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.

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.

DIRECTORS' DECLARATION


The directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated 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 2014 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 26 to 31 of the Directors' Report (as part of audited Remuneration Report), for the year ended 31 December 2014, 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



Paul Lennon
Non-Executive Chairman

Signed at Sydney
30 March 2015

**Independent Auditor's Report
To the Members of
Australian Bauxite Limited
A.B.N. 14 139 494 885
And Controlled Entities**

Report on the Financial Report

We have audited the accompanying financial report of Australian Bauxite Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended 31 December 2014, notes comprising a summary of significant accounting policies and other explanatory information, 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.

Directors' Responsibility for the Financial Report

The director's of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable to preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements* that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion

In our opinion:

- a. The financial report of Australian Bauxite Limited is in accordance with the *Corporations Act 2001*, including:
 - i. Giving a true and fair view of the company and consolidated entity's financial positions as at 31 December 2014 and of their performance for the year ended on that date; and
 - ii. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included on pages 26-28 of the attached report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Australian Bauxite Limited for the year ended 31 December 2014 complies with s 300A of the *Corporations Act 2001*.

K.S. Black & Co
Chartered Accountants



Phillip Miller
Partner

30 March 2015

SHAREHOLDER INFORMATION

As at 28 February 2015

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
1	Citicorp Nominees Pty Limited	11,605,651	8.26%
2	Gleneagle Securities (Aust) Pty Ltd	7,400,000	5.27%

B. Distribution of Equity Securities

	Range	Total Holders	Units	% of Issued Capital
	1 - 100	36	493	0.00
	101 - 1,000	33	25,890	0.02
	1,001 - 10,000	1,436	7,996,769	5.69
	10,001 - 50,000	900	23,018,847	16.38
	50,001 - 100,000	179	13,846,316	9.85
	100,001 - 500,000	128	28,592,898	20.35
	500,001 - 1,000,000	11	11,621,307	8.27
	1,000,001 and above	15	55,405,210	39.43
	Rounding			0.01
	Total	2,738	140,507,730	100.00

C. Unmarketable Parcels

	Minimum Parcel size	Holders	Units
Minimum \$ 500.00 parcel at \$ 0.2650 per unit	1887	140	137330

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	Citicorp Nominees Pty Limited	11,605,651	8.26%
2	Gleneagle Securities (Aust) Pty Ltd	7,400,000	5.27%
3	Washington H Soul Pattison And Company Limited	6,805,744	4.84%
4	HSBC Custody Nominees (Australia) Limited	4,891,421	3.48%
5	Gleneagle Securities Nominees Pty Limited	4,666,666	3.32%
6	Yarraandoo Pty Ltd <Yarraandoo Super Fund A/C>	4,000,000	2.85%
7	Wsf Pty Ltd <Woodstock Super Fund A/C>	2,996,851	2.13%
8	Justevian Pty Limited <Justevian Superfund A/C>	2,970,189	2.11%
9	HSBC Custody Nominees (Australia) Limited - A/C 3	2,899,649	2.06%
10	Mr David Foord	2,650,000	1.89%
11	State One Holdings Pty Ltd	2,458,228	1.75%
12	Henry Erwin Spira <Spira Family Super Fund A/C>	1,800,000	1.28%
13	Romadak Pty Ltd <Romadak Super Fund A/C>	1,732,333	1.24%
14	State One Stockbroking Ltd	1,330,000	0.95%
15	London Wall Investments Pty Ltd	1,042,000	0.74%
16	Cardy & Company Pty Ltd	1,000,000	0.71%
17	Vermitech Pty Ltd	1,000,000	0.71%
18	Mr Rex Adams + Mrs Josephine Adams <R & J Adams Super Fund A/C>	991,728	0.71%
19	State One Stockbroking Ltd <Sos House Ahx A/C>	982,917	0.70%
20	Claymore Capital Pty Ltd	952,381	0.68%
Total:	Totals: Top 20 holders of FULLY PAID SHARES	64,175,758	45.68%
	Total Remaining Holders Balance	76,331,972	54.32%

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 2015.

H. Tenement Schedule

Application No	Licence No	Project	Status	Date Granted	Expiry Date	Area (sq km)	Minimum Annual Expenditure (\$AUD)
ABx1 Pty Ltd							New South Wales
	EL 6997	Inverell	Renewal Pending	24-Dec-07	24-Dec-14	297	\$64,500
	EL 7361	Guyra	Granted	17-Jul-09	17-Jul-16	138	\$38,000
	EL 7597	Merriwa - 2	Granted	18-Aug-10	18-Aug-17	159	\$41,500
	EL 7858	Stannifer	Granted	02-Nov-11	02-Nov-15	147	\$39,500
	EL 7950	Merriwa Extension	Granted	21-Jun-12	21-Jun-16	108	\$33,000
	EL 8097	Coolah	Granted	03-Jun-13	03-Jun-16	300	\$35,000
	EL 8130	Old Mill	Granted	08-Jul-13	08-Jul-16	201	\$26,750
Total						1350	\$278,250
ABx2 Pty Ltd							
	EL 7269	Windellama	Renewal Pending	23-Dec-08	23-Dec-14	51	\$24,000
	EL 7279	Wingello West	Granted	30-Jan-09	30-Jan-16	21	\$18,500
	EL 7357	Taralga	Granted	01-Jul-09	01-Jul-16	246	\$56,000
	EL 7546	Penrose	Granted	11-May-10	11-May-16	18	\$18,000
	EL 7681	Taralga Extension	Granted	11-Jan-11	11-Jan-16	300	\$65,000
	EL 7912	Taralga 3rd Ext	Granted	28-Feb-12	28-Feb-16	309	\$31,500
	EL 7986	Walla Mines**	Renewal Pending	22-Oct-12	21-Oct-14	30	\$12,500
	ELA 4038	Wingello Extended	Application			39	\$14,000
Total						1014	\$239,500

ABx3 Pty Ltd							Queensland
EPM 17830	Haden	Granted	25-Feb-09	24-Feb-16	24		\$12,000
EPM 17831	Hillgrove	Granted	25-Feb-09	24-Feb-16	18		\$9,000
EPM 17790	Hampton	Renewal Pending	28-Apr-09	27-Apr-15	90		\$45,000
EPM 18014	Binjour	Granted	09-Oct-09	08-Oct-18	126		\$120,000
EPM 18772	Binjour Extension	Granted	31-Jan-11	30-Jan-18	42		\$21,000
EPM 19390	Brovinia	Granted	02-Oct-13	01-Oct-15	147		\$49,000
EPM 25146	Toondoon	Granted	07-Jan-14	06-Jan-17	9		\$4,500
ML 80126	Toondoon ML**	Granted	24-Nov-05	30-Nov-30			
EPMA 19427	Brovinia 2	Application			39		\$37,600
EPMA 25787	Harrami	Application			81		\$41,000
Total QLD					576		\$339,100
ABx4 Pty Ltd							Tasmania
EL 4/2010	Evandale	Granted	14-Sep-10	13-Sep-15	83		\$35,000
EL 6/2010	Cleveland	Granted	14-Sep-10	13-Sep-15	34		\$10,000
EL 7/2010	Conara	Granted	14-Sep-10	13-Sep-15	154		\$35,000
EL 9/2010	Deloraine	Granted	14-Sep-10	13-Sep-15	168		\$35,000
EL 37/2010	Westbury	Granted	07-Nov-11	06-Nov-16	107		\$25,000
EL 3/2012	Ross	Granted	11-Sep-12	10-Sep-17	103		\$100,000
EL 12/2012	Scottsdale	Granted	12-Dec-12	11-Dec-17	82		\$75,500
EL 16/2012	Reedy Marsh	Granted	16-Jun-13	15-Jun-18	109		\$68,000
EL 18/2014	Prossers Road	Granted	02-Dec-14	01-Dec-19	135		\$34,750
ML 1961P/M	Bald Hill	Granted	19-Sep-14	21-Oct-23			
Total TAS					975		\$418,250
TOTAL					3915		\$1,275,100

*As at 28 January 2015

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



AUSTRALIAN BAUXITE LIMITED

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