



## **Interim Financial Report for the half-year ended 30 June 2019**

<b>Table of Contents</b>	<b>Page</b>
<b>CORPORATE DIRECTORY</b>	<b>2</b>
<b>REVIEW OF OPERATIONS</b>	<b>3</b>
<b>DIRECTORS' REPORT</b>	<b>10</b>
<b>AUDITOR'S INDEPENDENCE DECLARATION</b>	<b>14</b>
<b>INDEPENDENT AUDITOR'S REVIEW REPORT</b>	<b>15</b>
<b>DECLARATION BY DIRECTORS</b>	<b>17</b>
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>18</b>
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>19</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>	<b>20</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOW</b>	<b>21</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>22</b>

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by Australian Bauxite Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## CORPORATE DIRECTORY

### Australian Bauxite Limited

ACN 139 494 885  
ABN 14 139 494 885

### Registered and Corporate Office

Level 2  
Hudson House  
131 Macquarie Street  
Sydney NSW 2000

Telephone: +61 2 9251 7177  
Fax: +61 2 9251 7500

Email: [corporate@australianbauxite.com.au](mailto:corporate@australianbauxite.com.au)  
Website: [www.australianbauxite.com.au](http://www.australianbauxite.com.au)

### Auditor

K.S. Black & Co  
Level 1  
251 Elizabeth Street  
Sydney NSW 2000  
Telephone: +61 2 8839 3000

### Lawyers

Piper Alderman  
Level 23, Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000  
Telephone: +61 2 9253 9999

### Bankers

Australia & New Zealand Banking Group Limited  
20 Martin Place  
Sydney NSW 2000  
Telephone: +61 2 9227 1818

St George Bank Limited  
Level 14, 182 George St  
Sydney NSW 2200  
Telephone: +61 2 9236 2230

### Directors

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

### Company Secretary

Henry Kinstlinger

### Share Registry

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

### ASX Code – ABX

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

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

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

## REVIEW OF OPERATIONS

### Corporate

- In May 2019, at Australian Bauxite Limited's (ABx) Annual General Meeting, all resolutions put to the meeting, were passed on a show of hands
- Group cash balance was \$1.3 million at 30 June 2019 and currently about \$0.93 million with more than \$0.5 million to be received in Q4 2019 in R&D rebate for research done in 2018
- Number of shareholders is approximately 2,100

### Activities during the half-year

1. Sale of 32,477 tonnes of cement grade bauxite was loaded and shipped from Bell Bay in early June 2019, having been produced and delivered to port 3 weeks ahead of schedule
2. Sales of fertiliser-grade bauxite continue as superphosphate fertiliser made by acid-processing of ABx bauxite is gaining strong sales. Reinstating of soil at Bald Hill mine has also preserved and secured stockpiles of fine-grained bauxite that is ideal for ALCORE's bauxite refining project
3. ABx's subsidiary, ALCORE Limited commenced trial bauxite refining experiments at the ALCORE Research Centre to produce aluminium fluoride which is used to make aluminium smelters more efficient and in lithium ion batteries. ALCORE has discovered a powerful new reagent mixture to refine ores into valuable fluoride compounds and co-products
4. Bulk sampling at the Binjour Bauxite project in Queensland confirmed drillhole grades. Upgrading tests were successful
5. Assessment and development of the Penrose bauxite deposit, 90km inland from Port Kembla has received positive results from tests done by several large companies

## ALCORE Bauxite Refining Technology

During the half-year, ABx's wholly owned subsidiary, ALCORE Limited funded the development by an expert firm of an ALCORE Production pilot plant capable of producing Aluminium Fluoride (AlF<sub>3</sub>) and valuable co-products, using new Australian technology (patent pending) for which, ALCORE has the exclusive global rights. After several permutations, an extremely sophisticated laboratory was created with unique capabilities for research and development.

The ALCORE Research Centre at Berkeley Vale on the NSW Central Coast has produced relatively pure AlF<sub>3</sub> and will prepare large samples of AlF<sub>3</sub> for product-testing by potential customers in the second half of this year.

### AlF<sub>3</sub> produced by ALCORE in recent weeks



Figure 1: ALCORE AlF<sub>3</sub> (left) & Commercial AlF<sub>3</sub> (right)  
Independent expert verification is underway

ALCORE has made pure AlF<sub>3</sub> when refining an Al<sub>2</sub>O<sub>3</sub> feedstock. In coming weeks, all other chemical components of ABx bauxite (namely Fe<sub>2</sub>O<sub>3</sub>, SiO<sub>2</sub> & TiO<sub>2</sub>) will be added sequentially to determine optimum settings for making pure AlF<sub>3</sub> and also making the valuable co-products thus allowing fluorine to be recycled. A coal containing 28% ash was also processed and, even without reagent optimisation, ash content was reduced to below 4% – a very good start in the purification process.

<sup>1</sup> See Resource Statement

ALCORE’s business plan is designed to beneficiate and refine raw bauxite, with a market price of US\$50, into high-value products worth more than US\$800 per tonne including:

- a. **Aluminium Fluoride (AlF<sub>3</sub>)**, used by aluminium smelters. Global demand for AlF<sub>3</sub> & ALCORE co-products continues to increase as aluminium production increases & AlF<sub>3</sub> use in lithium ion batteries increases;
- b. **Silica fume** for cement industry customers & producers of low CO<sub>2</sub> geopolymer eco-cement;
- c. **Corethane**, an ultra-pure hydrocarbon for energy production which can also be used for higher purity, lower emissions and energy conservation in metallurgical use and brickmaking.

ALCORE will be the first Australian supplier of AlF<sub>3</sub> to the Australasian Aluminium Smelters and for export. The technology is relatively low-risk because it operates at low temperatures & pressures and will start as a supplier to mature industrial markets before expanding into hi-tech businesses.

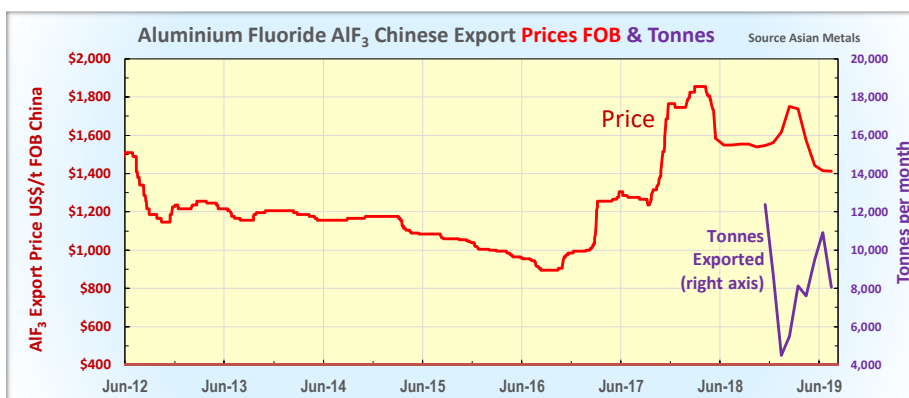
**New discovery:** during this research, ALCORE discovered a method to completely dissolve bauxite within 60 seconds in what can only be described as an astoundingly powerful and complete reaction. It is called a HotMix Brew that has a specific formula with significant power and potential.

**Ore Reserves:** ABx has stockpiled and sampled ALCORE refinery-grade bauxite at Bald Hill mine in Tasmania and an initial ore-reserve estimation of some of these large refinery-grade stockpiles is nearing completion. Rehabilitation at Bald Hill is designed to secure these stockpiles as needed.

Once sufficient AlF<sub>3</sub> tests are done, the pilot plant will test the production of Corethane, which will provide energy for the ALCORE Production Plant and demonstrate its use as a gas-substitute in gas turbine electrical generators and as sulphur-free diesel substitute for fuel security purposes

The ALCORE business plan targets long-established, broad industrial markets with many potential buyers. The Australasian market is the first of several targeted markets for ALCORE AlF<sub>3</sub>.

ALCORE is in discussions with governments, agencies & companies interested in AlF<sub>3</sub>, Corethane and silica fume products.



**Figure 2**  
**Prices and demand for aluminium fluoride AlF<sub>3</sub>**  
 AlF<sub>3</sub> markets remain positive for the ALCORE project

**Binjour project, Queensland located 115 kms inland from Bundaberg Port**

- **Tripartite Memorandum of Understanding (MoU)** between ABx and its joint venture partner, Rawmin Mining and Industries of India with Tianshan Aluminium Co Ltd of China entered into for the sale of 0.5 to 1.5 million tonnes of bauxite from the Binjour project and a similar tonnage from Rawmin’s bauxite mines in India to Tianshan’s new low temperature refinery in southern China which is due for completion in 2020
- ABx considers its Binjour Project located 115 kms southwest of Bundaberg port to be the best source of gibbsite-trihydrate (THA) bauxite in Queensland that is suitable for processing in low-temperature Bayer-technology alumina refineries and for sweetener circuits in some high-temperature refineries

<sup>1</sup> See Resource Statement

- ABx's total Queensland bauxite resources are 40.5 million tonnes comprising 37 million tonnes of thick gibbsite trihydrate bauxite at Binjour plateau and 3.5 million tonnes in the granted mining lease at Toondoon, located 46 kms south of Binjour <sup>1</sup>
- Binjour bauxite is 3 to 15 metres thick and comprises 10.4 million tonnes suitable for simple bulk mining and shipping as "DSO Bauxite <sup>1</sup>" and 26.6 million tonnes requiring processing by ABx's proprietary TasTech technology to achieve the long-term sales grade of 44% to 45% Al<sub>2</sub>O<sub>3</sub> & 5% SiO<sub>2</sub> which is ideal "metallurgical bauxite" for producing aluminium metal via the low-temperature Bayer alumina refineries
- **Bulk sampling & processing testwork** commenced late June to help ABx make a decision in late 2019 about committing to project development, commencing with a mining licence application. Testwork confirmed that Binjour bauxite screens and upgrades better than expected. It also discovered that a cream-coloured, extensive layer of bauxite exists at Binjour that grades more than 46% Al<sub>2</sub>O<sub>3</sub> and less than 3% SiO<sub>2</sub> and is the highest quality gibbsite-trihydrate bauxite in eastern Australia - important new knowledge
- **This high grade layer** was obscured by an overlying red mud layer that concealed the true nature of the bauxite. ABx is searching its database from 1,000 drillholes at Binjour to identify sites that:
  - a. Are on freehold land titles, with no strategic cropping or environmental issues
  - b. Are ideally located for transport, processing, environmental and community issues; and
  - c. Contain this very high quality layer of bauxite which could have high-value markets
 so that several potential mining lease locations can be identified and assessed for decisions in late 2019
- **Coordinated production:** The Binjour Project will maximise production during the Queensland dry season from April to November and ABx's Tasmanian mines will maximise production in summer from December to May. Rawmin's mines in north western India will maximise production in the Indian dry season from November to May but cease shipments in monsoon months June to September. Coordinated production and shipments will achieve all-year delivery to the customer of bauxite at a consistent specification
- **Memorandum of Understanding Agreement** for access to the preferred stockpile site at the Port of Bundaberg was finalised in June 2019

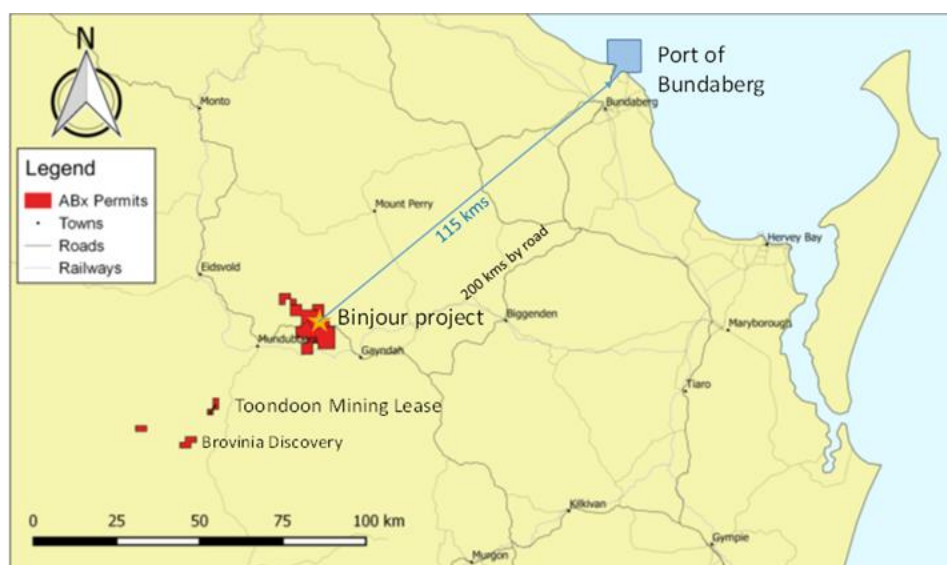


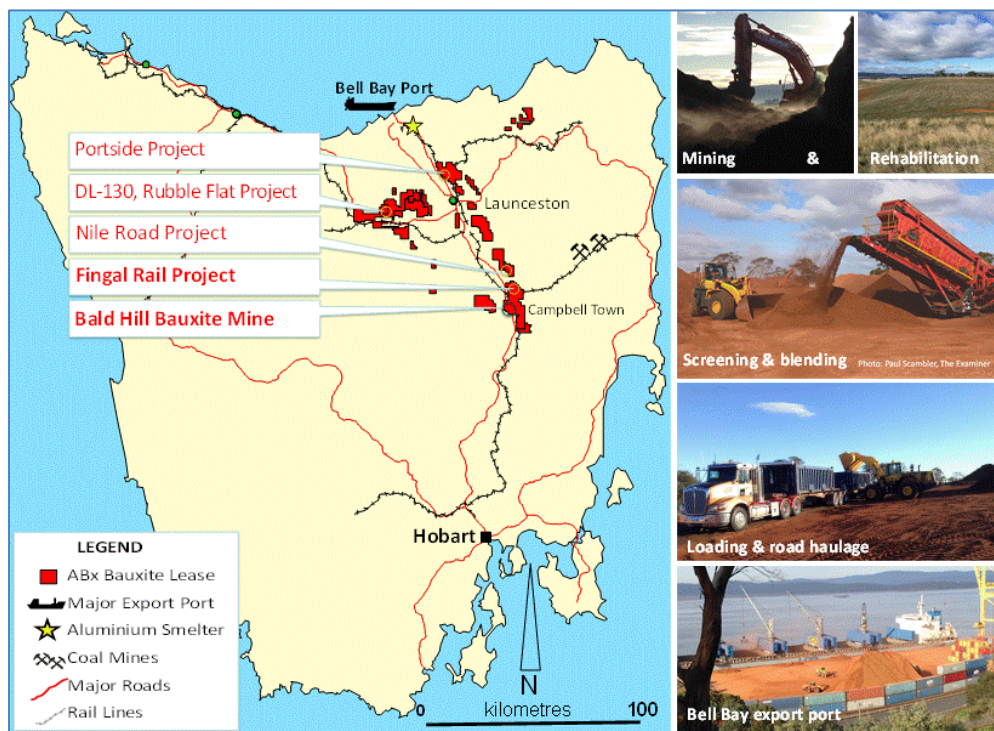
Figure 3: Location of Binjour Bauxite Project, Toondoon Mining Lease, Brovinia discovery & infrastructure

<sup>1</sup> See Resource Statement

**Operations - Tasmania**

**Sales**

Continuing-on from earlier years, ABx has made further sales of cement grade and fertiliser grade bauxite from its Bald Hill mine near Campbell Town, northern Tasmania (see Figure 4). 32,477 tonnes of cement grade bauxite was loaded and shipped from Bell Bay in early June 2019. Regular fertiliser sales are ongoing.



**Figure 4**  
Location of Bald Hill Bauxite Project, other development prospects & Tasmanian infrastructure

**Stocks**

Currently, ABx has approximately 123,625 tonnes of bauxite stockpiled in Tasmania:

- 9,949 tonnes of metallurgical grade, cement grade and fertiliser grade bauxite in its product stockpiles;
- 94,426 tonnes of screened material ready for classification into product categories; and
- 19,250 tonnes of broken ore stocks ready for screening for future needs.

**Seasonal coordination: Tasmanian Mines with Binjour Bauxite Project**

Opportunities exist to make large-tonnage shipments from Tasmania to major customers during the Tasmanian Summer dry months (November to March) and supply bauxite from Binjour in Queensland in the dry season (April to November) which is best for production and shipping from Bundaberg.

This opportunity will be investigated over the coming year as the Binjour feasibility study is finalised and negotiations are completed for off-take agreements for the supply of more than 1 million tonnes of bauxite per year.

**Exploration**

**Penrose Pine Forest Quarry NSW**

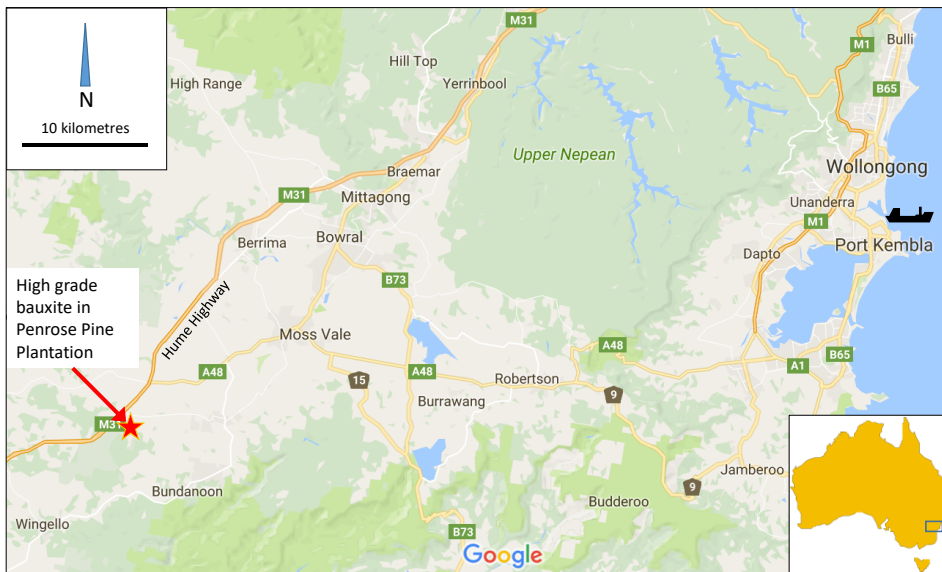
ABx’s Penrose bauxite deposit located in a pine plantation 90km inland of Port Kembla NSW (see Figure 5) contains a layer grading 55% Al<sub>2</sub>O<sub>3</sub> and very low iron content which has potential to make special chemical products, as well as refractory bauxite. The strategy for Penrose is to sell each layer to separate customers but a primary partner is needed to design an environmentally optimised project development.

Penrose bauxite may be ideal feedstock for the ALCORE bauxite refining project or for the production of high-value refractory-grade bauxite and potentially for manufacture of an Australia building product.

<sup>1</sup> See Resource Statement



Prior to making an offer to the “primary partner” for ABx’s grey-white bauxite, ABx is searching its large database for other deposits of this type of bauxite. Already, deposits have been found in Tasmania, Binjour in QLD and in the Taralga project area located north of Goulburn NSW. ABx will prepare a business proposal to build a reliable supply of grey-white bauxite in the second half of the year.



**Figure 5**  
Location of the Penrose Bauxite project area



ABx has declared bauxite resources totalling 137 million tonnes<sup>1</sup> in eastern Australia – see Figure 6 and Table 1 below.

**Figure 6: ABx Project Tenements & Major Infrastructure in ABx’s major bauxite project areas nearest export ports in Eastern Australia as follows, from south to north:**

1. Northern Tasmania, south of Bell Bay Port
2. Southern NSW Taralga & Penrose pine forest west of Port Kembla
3. Central Queensland based on the major Binjour Bauxite Project, southwest of Port of Bundaberg

<sup>1</sup> See Resource Statement

## Resource Statement, Definitions and Qualifying Statement

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

Table 1: ABx JORC Compliant Resource Estimates

Region	Resource Category	Million Tonnes	Thickness (m)	Al <sub>2</sub> O <sub>3</sub>	SiO <sub>2</sub>	A/S	Fe <sub>2</sub> O <sub>3</sub>	TiO <sub>2</sub>	LOI	Al <sub>2</sub> O <sub>3</sub> Avl	Rx SiO <sub>2</sub>	Avl/Rx	% Lab	O'Burden	Int.Waste
				%	%	ratio	%	%	%	@ 143°C %	%	ratio	Yield	(m)	(m)
CAMPBELL TOWN AREA TASMANIA <sup>7</sup>	Inferred	1.3	3.0	42.6	3.5	12	25.4	3.5	24.6	36.7	3.0	12	50	2.1	0.1
	Indicated	1.4	3.2	42.5	3.2	14	26.4	3.0	24.5	36.2	2.8	14	55	1.8	0.1
	Total	2.7	3.1	42.5	3.3	13	25.9	3.3	24.5	36.5	2.9	13	52	2.0	0.1
Fingal Rail Cement- Grade Bauxite <sup>8</sup>	Inferred	2.4	3.3	30.9	19.5	-	35.4	3.9	16.7	--	--	--	--	1.9	0.1
	Indicated	3.9	3.8	31.1	19.0	--	35.2	4.0	16.9	--	--	--	--	1.7	0.1
	Total	6.3	3.6	31.0	19.2	--	35.3	4.0	16.8	--	--	--	--	1.8	0.1
DL-130 AREA TAS <sup>1</sup>	Inferred	5.7	3.8	44.1	4.3	10	22.8	3.1	25.0	37.6	3.2	12	55	1.5	0.1
	Total Tas	14.7	3.6	38.2	10.5	n.a.	28.7	3.5	21.4	n.a.	n.a.	n.a.	54	1.7	0.1
BINJOUR QLD <sup>2</sup> DSO, Screen & Cement	Inferred	14.2	4.3	40.7	7.3	6	24.7	4.3	22.1	32.3	6.7	5	80	8.5	0.3
	Indicated	22.8	4.0	33.5	19.2	2	24.9	4.2	16.8	15.8	17.4	1	63	6.6	0.3
	Total	37.0	4.1	44.1	3.6	12	23.1	3.7	24.6	39.0	3.0	13	61	8.9	0.3
TOONDOON QLD <sup>3</sup>	Inferred	3.5	4.9	40.2	7.2	6	25.3	4.9	21.7	32.8	5.2	6	67	1.5	0.0
TARALGA S. NSW <sup>4</sup>	Inferred	9.9	3.1	40.4	5.7	7	24.6	4.1	22.2	35.2	1.9	18	54	0.1	0.2
	Indicated	10.2	3.7	41.3	5.3	8	25.9	4.0	22.9	36.1	1.9	19	55	0.7	0.4
	Total	20.1	5.6	40.8	5.5	7	25.3	4.0	22.6	35.7	1.9	19	55	0.5	0.3
	PDM-DSO* Inferred	7.6	2.5	37.0	6.0	6	38.4	3.5	13.3	22.1*	1.3	17	72	0.2	0.1
	Indicated	10.3	3.1	37.6	3.9	10	40.4	3.7	13.5	22.4*	1.1	20	71	0.7	0.4
Total Taralga	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	
INVERELL N. NSW <sup>5</sup>	Inferred	17.5	4.7	39.8	4.8	8	27.7	4.3	22.2	31.0	4.2	7	61	2.3	
	Indicated	20.5	4.8	40.6	4.7	9	26.9	4.1	22.5	32.0	4.0	8	60	2.4	
	Total	38.0	4.8	40.2	4.7	9	27.3	4.2	22.4	31.6	4.1	8	61	2.4	
GUYRA N. NSW <sup>6</sup>	Inferred	2.3	4.2	41.4	3.6	12	26.2	3.3	24.6	35.0	2.8	13	56	3.4	
	Indicated	3.8	5.9	43.1	2.6	16	27.3	3.9	24.5	37.4	2.0	18	61	4.4	
	Total	6.0	5.3	42.5	3.0	14	26.9	3.7	24.5	36.5	2.3	16	59	4.0	
<b>GRAND TOTAL ALL AREAS</b>		<b>137.1</b>													

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

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

The information above relates to Mineral Resources previously reported according to the JORC Code (see Competent Person Statement) as follows:

- <sup>1</sup> Maiden Tasmania Mineral Resource, 5.7 million tonnes announced on 08/11/2012
- <sup>2</sup> Binjour Mineral Resource, 37.0 million tonnes announced on 18/06/2018 (this report)
- <sup>3</sup> QLD Mining Lease 80126 Maiden Resource, 3.5 million tonnes announced on 03/12/2012
- <sup>4</sup> Goulburn Taralga Bauxite Resource Increased by 50% to 37.9 million tonnes announced on 31/05/2012
- <sup>5</sup> Inverell Mineral Resource update, 38.0 million tonnes announced on 08/05/2012
- <sup>6</sup> Guyra Maiden Mineral Resource, 6.0 million tonnes announced on 15/08/2011
- <sup>7</sup> Initial resources for 1<sup>st</sup> Tasmanian mine, 3.5 million tonnes announced on 24/03/2015
- <sup>8</sup> Resource Upgrade for Fingal Rail Project, Tasmania announced on 25/08/2016

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 total 137.1 million tonnes.**

<sup>1</sup> See Resource Statement



## 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.

### Patent

ABx finalised a Heads of Agreement (HoA) in 2017 with technology provider, Refined Ore Industries Limited (ROIL) for the ALCORE project to research and develop bauxite beneficiation and refining technology to produce Aluminium Fluoride (AlF<sub>3</sub>) which is used in aluminium smelting lithium ion batteries (see ASX announcement 13 November 2017). ABx has assisted ROIL's commercial and technological development since 2014 and was offered the licence from ROIL for the refining of bauxite, on the following terms:

- Exclusive global rights for the refining of bauxite, to produce AlF<sub>3</sub> & coproducts;
- Production of Corethane Gas from the refining of coal to provide electrical power, heating and cooling for the bauxite refining plant so that it has energy security; and,
- Exclusive global marketing rights for all AlF<sub>3</sub> and related coproducts produced by other ROIL technology projects unrelated to ABx in Australasia and Asia.

ABx has issued a full sub-licence to ALCORE Limited on the same terms.

**Table 2: Tenement information required under LR 5.3.3**

Notes: All tenements are in good standing, 100% owned and not subject to Farm-in or Farm-out agreements, third-party royalties nor encumbered in any way.

Tenement No.	Location
New South Wales	
EL 6997	Inverell
EL 8370	Penrose Forest
EL 7357	Taralga
EL 8600	Penrose Quarry
Queensland	
EPM 18014	Binjour
EPM 18772	Binjour Extension
EPM 25146	Toondoon EPM
ML 80126	Toondoon ML
Tasmania	
EL 7/2010	Conara
EL 9/2010	Deloraine
EL 18/2014	Prosser's Road
ML 1961 P/M	Bald Hill Bauxite

<sup>1</sup> See Resource Statement

## DIRECTORS' REPORT

Your directors present their report together with the financial statements of the parent entity and the consolidated entity (referred to hereafter as the Group) consisting of Australian Bauxite Limited (the Company) and the entities it controlled at the end of or during the period ended 30 June 2019 and the Auditor's Review Report thereon.

### Principal activities

The principal continuing activities of the Group during the reporting period were selling bauxite mineral, conducting the bauxite processing, development and exploration programs.

### Financial performance

The net consolidated loss of the Group for the six months ended 30 June 2019 was \$1.56 million (2018: Loss \$1.59 million). Cash holding of the Group at 30 June 2019 was \$1.3 million. The Group will have sufficient cash reserves to fund its current exploration, processing and development programs.

### 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 3 to 9 of this report.

### Dividends

The Directors of the Company do not recommend that any amount be paid by way of dividend. The Company has not paid or declared any amount by way of dividend since the commencement of the financial year.

### Directors

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

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

### Subsequent Events

At the date of this report there are no matters or circumstances which have arisen since 30 June 2019 that have significantly affected or may significantly affect:

- the operations, in financial half-year subsequent to 30 June 2019, of the Group;
- the results of those operations; or
- the state of affairs, in financial half-year subsequent to 30 June 2019, of the Group.

### Rounding

The amounts contained in the half year financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

## Directors' Report (continued)

### Environmental Regulations

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

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

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

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

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

#### Access to Land

Prior to the commencement of any work, the Company makes contact with landholders/leaseholders and discusses the general aims and types of work likely to be conducted. Discussion with landowners, leaseholders and Native Title Claimants is ongoing. It commences prior to any work being conducted and continues throughout the program and beyond the cessation of exploration work.

The Company establishes conditions of access with landholders and where practicable, signs a written access agreement that sets out conditions and includes a schedule of agreed compensation payments. The Company endeavours to provide landholders with ample warning prior to commencing any work and landholders are kept informed upon commencement, during and upon completion of an exploration program.

#### Type of Land

The type of land is determined and its inhabitants are assessed to identify areas of particular environmental concern including identification of sensitive areas or areas prone to erosion, water catchment, heritage sites, and areas home to vulnerable and endangered species. Land use is taken into consideration and land under cultivation is not disturbed without the express consent of the landholder.

### Mineral Exploration Programs Access

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

## Directors' Report (continued)

### 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.

### Qualifying Statements

With respect to Exploration Results: The information is extracted from the following ASX release entitled:

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

Information in this report relating to Exploration Information & Mineral Resources are based on information compiled by Jacob Rebek & Ian Levy who are members of The Australasian Institute of Mining & Metallurgy & the Australian Institute of Geoscientists. Mr Rebek & Mr Levy are qualified geologists & Mr Levy is a director of ABx. Information in this report relating to Mineral Resources in Tasmania has been prepared or updated by Mr Levy in accordance with 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 Resources. Mr Rebek and Mr Levy have consented to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.

**Directors' Report (continued)****Auditor's Independence Declaration**

A copy of the independence declaration by the auditor K.S. Black and Co. under section 307C is included on page 14 of this half year financial report.

Signed in accordance with a resolution of the Directors:



**Ian Levy**  
Managing Director



**Paul Lennon**  
Chairman

Sydney  
04 September 2019



**AUDITOR'S INDEPENDENCE DECLARATION**

Level 1  
251 Elizabeth Street  
SYDNEY NSW 2000

75 Lyons Road  
DRUMMOYNE NSW 2047

**K.S. Black & Co.**

ABN 48 117 620 556

20 Grose Street  
NORTH PARRAMATTA NSW 2151

PO Box 2210  
NORTH PARRAMATTA NSW 1750

***Lead Auditors' Independence Declaration under Section 307C of the Corporations Act 2001***

To the Director's of Australian Bauxite Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2019 there has been:

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

The entities are in respect of Australian Bauxite Limited and the entities it controlled during the period.

KS Black & Co  
Chartered Accountants



Scott Bennison  
Partner

Dated in Sydney on this *9th* day of *September* 2019

**INDEPENDENT AUDITOR'S REVIEW REPORT**

Level 1  
251 Elizabeth Street  
SYDNEY NSW 2000

75 Lyons Road  
DRUMMOYNE NSW 2047

**K.S. Black & Co.**

ABN 48 117 620 556

20 Grose Street  
NORTH PARRAMATTA NSW 2151

PO Box 2210  
NORTH PARRAMATTA NSW 1750

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the Directors of Australian Bauxite Limited

**Report on the Consolidated Interim Financial Report**

We have reviewed the accompanying half-year Consolidated Interim Financial Report of Australian Bauxite Limited, which comprises the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement in changes in equity and the statement of cash flows; for the half-year then ended, a summary of significant accounting policies, other selected explanatory notes and the declaration by those charged with governance.

**The Director's Responsibility for 30 June 2019 Consolidated Interim Financial Report**

The Directors of the Consolidated Group are responsible for the preparation and fair presentation of the half-year Consolidated Interim Financial Report in accordance with *Accounting Standard AASB 101* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility for the Consolidated Interim Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, with the Corporations Law 2001. As the auditor of Australian Bauxite Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

**Independence**

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

Liability limited by a  
scheme approved  
under Professional  
Standards Legislation

Phone 02 8839 3000 Fax 02 8839 3055  
[www.ksblack.com.au](http://www.ksblack.com.au)

  
**CHARTERED ACCOUNTANTS**  
AUSTRALIA • NEW ZEALAND

## INDEPENDENT AUDITOR'S REVIEW REPORT continued

Level 1  
251 Elizabeth Street  
SYDNEY NSW 2000

75 Lyons Road  
DRUMMOYNE NSW 2047

**K.S. Black & Co.**

ABN 48 117 620 556

20 Grose Street  
NORTH PARRAMATTA NSW 2151

PO Box 2210  
NORTH PARRAMATTA NSW 1750

**Conclusion**

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Australian Bauxite Limited does not present fairly, in all material respects including:

- i. Giving a true and fair view of the entity's financial position as at 30 June 2019 and of its performance for the financial half-year ended on that date; and
- ii. Complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

KS Black & Co  
Chartered Accountants



Scott Bennison  
Partner  
Dated: 4/9/19

Liability limited by a  
scheme approved  
under Professional  
Standards Legislation

Phone 02 8839 3000 Fax 02 8839 3055  
[www.ksblack.com.au](http://www.ksblack.com.au)



CHARTERED ACCOUNTANTS  
AUSTRALIA • NEW ZEALAND

**DECLARATION BY DIRECTORS**

The Directors of the Company declare that:

1. The financial statements and notes, set out on pages 18 to 32, are in accordance with the *Corporations Act 2001*, and:
  - give a true and fair view of the financial position of the consolidated entity as at 30 June 2019 and of its performance for the half-year ended on that date; and
  - comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



**Ian Levy**  
Managing Director



**Paul Lennon**  
Chairman

Sydney  
04 September 2019

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
for the Half-Year Ended 30 June 2019

	Notes	Consolidated Group	
		Half- year ended 30 Jun 2019 \$'000	Half- year ended 30 Jun 2018 \$'000
<b>REVENUE</b>	3	<b>2,082</b>	95
Development, exploration and administrative expenses	3	<b>(3,623)</b>	(1,655)
Finance expenses	3	<b>(25)</b>	(32)
<b>PROFIT/(LOSS) FROM OPERATIONS BEFORE INCOME TAX</b>		<b>(1,566)</b>	(1,592)
Income tax		-	-
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>		<b>(1,566)</b>	(1,592)
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income before income tax		-	-
Income tax		-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>(1,566)</b>	(1,592)
Profit attributable to non-controlling interests		-	-
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY</b>		<b>(1,566)</b>	(1,592)
<b>EARNINGS PER SHARE</b>		<b>Cents</b>	Cents
Basic earnings/(losses) per share (cents per share)		<b>(1.07)</b>	(1.10)
Diluted earnings/(losses) per share (cents per share)		<b>(1.06)</b>	(1.09)

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



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at 30 June 2019

		<b>Consolidated Group</b>	
	Notes	<b>30 Jun 2019</b>	31 Dec 2018
		<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	1,302	1,844
Trade and other receivables		656	1,265
Other current assets		89	93
Financial assets		-	-
<b>Total current assets</b>		<b>2,047</b>	3,202
<b>Non-current assets</b>			
Trade and other receivables		45	44
Plant and equipment		2	-
Mining tenements	5	15,746	15,461
Other assets		166	-
<b>Total non-current assets</b>		<b>15,959</b>	15,505
<b>Total Assets</b>		<b>18,006</b>	18,707
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		1,566	1,140
Employee benefits provision		112	82
Other Liabilities		265	265
<b>Total current liabilities</b>		<b>1,943</b>	1,487
<b>Non-current liabilities</b>			
Employee benefits provision		110	88
Other Liabilities		435	435
<b>Total non-current liabilities</b>		<b>545</b>	523
<b>Total Liabilities</b>		<b>2,488</b>	2,010
<b>Net Assets</b>		<b>15,518</b>	16,697
<b>EQUITY</b>			
Issued capital	6	25,312	25,312
Other Contributed Equity – controlled entity		1,906	1,519
Reserves		593	593
Accumulated losses		(12,293)	(10,727)
<b>Total Equity</b>		<b>15,518</b>	16,697

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the Half-Year Ended 30 June 2019

	Issued Capital \$'000	Reserve Other Contributed Equity \$'000	Options Reserve \$'000	Accumulated Losses \$'000	Total Equity \$'000
<b>Consolidated</b>					
<b>At 31 December 2017</b>	25,075	-	593	(8,353)	17,315
Share placement	-	-	-	-	-
Share Issued in lieu of services	236	-	-	-	236
Loss for the period	-	-	-	(1,592)	(1,592)
<b>At 30 June 2018</b>	<b>25,311</b>	<b>-</b>	<b>593</b>	<b>(9,945)</b>	<b>15,959</b>
<b>At 30 June 2018</b>	25,311	-	593	(9,945)	15,959
Share placement	-	1,519	-	-	1,519
Share issued in lieu of services	1	-	-	-	1
Profit for the period	-	-	-	(782)	(782)
<b>As at 31 December 2018</b>	<b>25,312</b>	<b>1,519</b>	<b>593</b>	<b>(10,727)</b>	<b>16,697</b>
<b>At 31 December 2018</b>	<b>25,312</b>	<b>1,519</b>	<b>593</b>	<b>(10,727)</b>	<b>16,697</b>
Share placement	-	<b>387</b>	-	-	<b>387</b>
Loss for the period	-	-	-	<b>(1,566)</b>	<b>(1,566)</b>
<b>At 30 June 2019</b>	<b>25,312</b>	<b>1,906</b>	<b>593</b>	<b>(12,293)</b>	<b>15,518</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOW

for the Half-Year Ended 30 June 2019

	Notes	Consolidated	
		Half-year ended 30 Jun 2019 \$'000	Half-year ended 30 Jun 2018 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipt from customer		2,041	58
Interest received		14	14
Payment for exploration and development expenditures		(2,370)	(544)
Payments for administration expenses		(242)	(119)
<b>NET CASH FLOWS (USED IN) OPERATING ACTIVITIES</b>		<b>(557)</b>	<b>(591)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant and equipment		-	(2)
<b>NET CASH FLOWS (USED IN) INVESTING ACTIVITIES</b>		<b>-</b>	<b>(2)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from share issues/placements			-
Controlled entities – convertible note		387	665
Advance to other party		(672)	-
Repayment to/advance from other parties		300	(120)
<b>NET CASH FLOWS PROVIDED BY/(USED IN) FROM FINANCING ACTIVITIES</b>		<b>15</b>	<b>545</b>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(542)</b>	<b>(48)</b>
Cash and cash equivalents at the beginning of the reporting period		1,844	1,938
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD</b>	4	<b>1,302</b>	<b>1,890</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

for the Half-Year Ended 30 June 2019

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

Australian Bauxite Limited (the "**Company**") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 30 June 2019 comprises the Company and its controlled entities (together referred to as the "**consolidated entity**").

#### Statement of Compliance

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

#### Estimates

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of Preparation

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

##### *Statement of Compliance*

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

##### *Critical to accounting estimates*

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

- (i) Options valuation  
Refer to Note for estimates and assumptions used to calculate the valuation of options.

##### *Critical judgements*

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

- (i) Capitalisation of exploration costs

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

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

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

- Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.
- During the period, there were commodity price drops. No impairment losses were recognised as no significant production has occurred resulting in sales at prices requiring write-down of capitalised expenditures.

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

*Historical cost convention*

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

*Material accounting policies*

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

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

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

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

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

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

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

*Business 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 business under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).



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

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.

**(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.

**(d) Revenue recognition**

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

*Interest Revenue*

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

*Other Income*

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

**(e) Income Tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent

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

entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

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

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

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

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

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

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

**(g) Cash and cash equivalents**

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

**(h) Trade and other receivables**

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

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

**(i) Acquisition of assets**

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

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

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

- the carrying values are expected to be justified through successful development and exploitation of the area of interest; or

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

- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.

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

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

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

**(k) Impairment of assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting period. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(l) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(m) Restoration and rehabilitation provisions**

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

**(n) Employee Benefits***(i) Wages, salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*(ii) Long service leave*

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

**NOTES TO THE FINANCIAL STATEMENTS continued****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued****(o) Share based payments**

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

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS continued

## 3. REVENUE AND EXPENSES

## Specific Items

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

	Consolidated	
	Half- year ended 30 Jun 2019 \$'000	Half-year ended 30 Jun 2018 \$'000
<b>Revenue</b>		
Sale of mineral	2,043	57
Interest income	39	38
	<u>2,082</u>	<u>95</u>
<b>Development, exploration and administration expenses</b>		
Development costs and exploration costs not capitalized	(3,321)	(1,267)
Consultancy and professional fees	(46)	(44)
Director and employee expenses	(116)	(217)
Other administrative expenses	(140)	(127)
	<u>(3,623)</u>	<u>(1,655)</u>
<b>Finance expenses</b>		
Depreciation	(1)	(1)
Interest paid	(5)	-
Others	(19)	(31)
	<u>(25)</u>	<u>(32)</u>

## 4. CASH AND CASH EQUIVALENTS

	Consolidated	
	30 Jun 2019 \$'000	31 Dec 2018 \$'000
Cash at bank and deposit	697	1,239
Cash held in trust – tenement guarantees and deposits	605	605
	<u>1,302</u>	<u>1,844</u>

## NOTES TO THE FINANCIAL STATEMENTS continued

## 5. MINING TENEMENT

	<b>Consolidated</b>	
	<b>30 Jun 2019</b>	31 Dec 2018
	<b>\$'000</b>	\$'000
Tenement interest, development costs and capitalized exploration expenditures	<b>15,746</b>	15,461
	<b>15,746</b>	15,461

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

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

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

## Tenement List

Application No	Licence No	Project	Status	Area (sq km)	Mining tenement cost + capitalisation \$
ABx1 Pty Ltd					
	EL 6997	Inverell	Granted	54	2,498,791
Sub-total				54	2,498,791
ABx2 Pty Ltd					
	EL 7357	Taralga	Granted	123	1,568,515
	EL 8370	Penrose Forest	Granted	57	111,631
	EL 8600	Penrose Quarry	Granted	6	120,060
Sub-total				186	1,800,206
ABx3 Pty Ltd					
	EPM 18014	Binjour	Granted	126	2,660,712
	EPM 18772	Binjour Extension	Granted	21	548,662
	EPM 25146	Toondoon	Granted	9	37,372
	EPM 19427	Brovinia 2	Renewal Pending	18	28,669
	ML 80126	Toondoon	Granted	1	
Sub-total				175	3,275,415
ABx4 Pty Ltd					
	EL 7/2010	Conara	Granted	129	3,228,453
	EL 9/2010	Deloraine	Granted	136	1,060,854
	EL 16/2012	Reedy Marsh	Renewal Pending	95	591,596
	EL 18/2014	Prossers Road	Granted	56	313,753
	ML 1961P/M	Bald Hill	Granted	0	1,831,173
		Mining Production			1,146,369
Sub-total				416	8,172,198
Total				831	15,746,610

## NOTES TO THE FINANCIAL STATEMENTS continued

## 6. ISSUED CAPITAL

	Consolidated Entity and Parent Entity		Consolidated Entity and Parent Entity	
	June 2019 Shares	Dec 2018 Shares	June 2019 \$'000	Dec 2018 \$'000
Ordinary shares issued	<b>145,967,005</b>	145,967,005	<b>25,312</b>	25,312

## (a) Movements during the year:

Opening balance	<b>145,967,005</b>	143,874,673	<b>25,312</b>	25,075
Share placement	-	-	-	-
Share issued in lieu of services	-	2,092,332	-	237
Share issuing costs	-	-	-	-
Closing balance	<b>145,967,005</b>	145,967,005	<b>25,312</b>	25,312

## (b) Options

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

## (c) Terms and Conditions

Each ordinary share participates equally in the voting rights of the Company. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

## 7. COMMITMENTS AND CONTINGENT LIABILITIES

The minimum exploration expenditure commitments and lease payments on the Company's exploration tenements totalling approximately \$0.48 million (2018:\$1.01 million) over remaining term of tenements.

**Executive services agreement**

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

**Corporate service agreement**

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

The term of the Corporate Services Agreement has no fixed expiry term and the fee payable is that amount agreed between the parties from time to time. The terms of the Services Agreement provide that Hudson Asset Management Pty Limited shall act in accordance with the directions of the Board.



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

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

**9. EVENTS SUBSEQUENT TO BALANCE DATE**

At the date of this report there are no other matters or circumstances, other than noted above, which have arisen since 30 June 2019 that have significantly affected or may significantly affect:

- the operations, in financial half-year subsequent to 30 June 2019, of the Group;
- the results of those operations; or
- the state of affairs, in financial half-year subsequent to 30 June 2019, of the Group.