

HIGH GRADE BAUXITE POTENTIAL IDENTIFIED AT SOUTH WEST NEW GEORGIA PROJECT

HIGHLIGHTS

- Pacific Bauxite has defined three large high-grade bauxite targets at the South West New Georgia Bauxite Project in the Solomon Islands.
- The significant target areas were identified in the Company's recently completed initial reconnaissance exploration program at the Project.
- With average bauxite grades of about 45% Al₂O₃ and peak results of +55% Al₂O₃, these deposits support the potential for a high-quality DSO product.
- Defined areas identify the initial focus for future detailed exploration and resource definition -
 - Sampling work underway to extend target areas
 - Resource definition work to commence in the following quarter
 - Laboratory analysis of samples expected in the current quarter.
- Large areas of the Project, prospective for bauxite, remains untested and provide significant potential exploration upside.
- Pacific Bauxite aims to develop DSO-quality bauxite operations with grades of 40% - 45% total Al₂O₃ and 5% -10% total SiO₂ for Asia's growing seaborne bauxite market.

Pacific Bauxite Limited (ASX: PBX) ("**Pacific Bauxite**" or "**Company**") is pleased to announce it has identified three high-grade bauxite targets from its recently completed reconnaissance sampling program at its South West New Georgia Bauxite Project ("**SWNG**" or "**Project**") in the Western province of the Solomon Islands.

The reconnaissance sampling program included 199 hand-auger drill holes and 40 shallow test-pits, for a total of 239 samples. Hand-held XRF results have been completed for all samples, with 130 (54%) samples returning results of more than 40% Al₂O₃ (alumina).

The program has resulted in the discovery of three large distinct high grade targets, each returning peak results of between 55% and 57% Al₂O₃ (Figure 1).

Pacific Bauxite's CEO, Mr Mark Gwynne stated: *"This first phase field work on the Project has returned exceptional results and, with the existing infrastructure in the area, offers a very real opportunity to deliver early production. This prospecting program could not have been completed as efficiently without the full support of the local communities and the Company is pleased to see their efforts rewarded in the delineation of a project that potentially offers enormous benefit for the people of South West New Georgia."*

The Company is currently undertaking work to extend the defined areas of bauxite mineralisation, and secure equipment for resource definition drilling at the priority targets. Additional prospecting will commence in the next few weeks, and resource-definition-drilling is expected to commence in October.

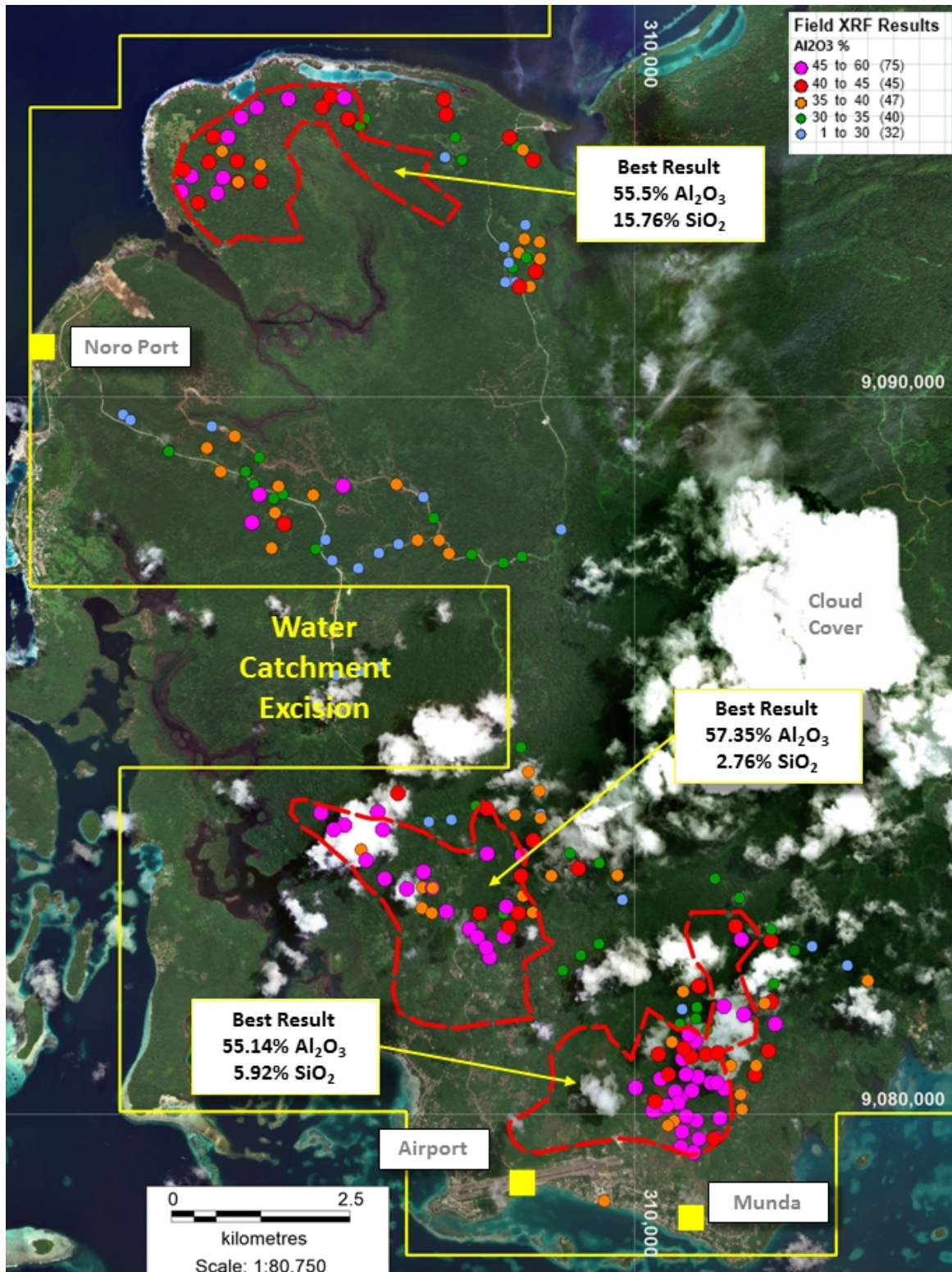


Figure 1 – Landsat Imagery of the SNWG Project, including reconnaissance sampling locations, colour coded with grade ranges for field hand-held XRF Al₂O₃ results.

The Company believes SWNG is prospective for large tonnage direct shipping ore (“DSO”) bauxite mineralisation, and is analogous with the bauxite deposits of the Nendo and Rennell Islands, both within the Solomon Islands (Figure 2). This style of mineralisation provides the opportunity for quick, cost-effective resource definition and a simple, low cost, dig-load-ship style mining operation

Sampling to date indicates the mineralisation at SWNG contains slightly higher SiO₂ (silicon dioxide) content than the Company’s lead Solomon Islands bauxite project, the Nendo Project. However, with results as low as less than 1% total SiO₂ and almost one third of the samples containing below 16% total SiO₂, there is excellent potential to delineate significant tonnages of DSO quality, high value material with lower silica content.

The critical “reactive silica” content is expected to be substantially less than the total SiO₂ content measured by the hand held XRF. As the “reactive silica” and “available alumina” analysis for these samples cannot be tested with the handheld XRF tool, represented samples will be sent to a certified Australian laboratory for analysis.



Figure 2 – Solomon Project Locations

Reconnaissance Sampling Program Methods

The reconnaissance sampling program at SWNG is designed to provide an initial test for the early identification of areas favourable for DSO quality bauxite, with grade ranges of +40% total Al₂O₃ and less than 10% total SiO₂.

The program also presents the Company with the opportunity to interact with the traditional landowners and other stakeholders, as well as provide training and employment for the local

people by way of testing the mineral resource potential of their own land. At SWNG this has proven to be an extremely rewarding process for all involved, and the Company has received overwhelming widespread local support for its prospecting activities.

Sampling within the Project area has been completed using hand-augers and hand-dug test pits, causing minimal environmental disturbance. The Company's prospecting activities have covered a large area and have been designed to determine the geographical distribution of areas with favourable bauxite. For the most part, one sample is taken from each site at a depth of more than one metre below surface. While hand augers have on occasion been used to test the depth of mineralised profiles (maximum depth for these augers is 6 metres), no conclusions on the depth of the bauxite deposits with the SWNG Project are yet to be determined.

A total of 239 samples from SWNG have been taken and analysed using a hand-held XRF. This work is ongoing and is due for completion in the coming week. Further information regarding the sampling program and analysis of samples is presented in Table 1 attached to this announcement.

About the South West New Georgia Bauxite Project

The SWNG Prospecting Licence covers an area of 236km² and targets bauxitic clays on uplifted limestone reef (averaging more than 100m above sea level), analogous in nature to the Company's lead asset - the Nendo Bauxite Project, also located in the Solomon Islands (ASX announcement, 27 September 2016). Much of the tenure at SWNG appears unexplored and represents a significant exploration opportunity for Pacific Bauxite. The area to be explored within the new Prospecting Licence is three times the area being targeted at the Nendo Project.

Prior exploration by Australian companies in the early 1970's identified extensive areas of bauxite mineralisation and postulated the potential for economic deposits at SWNG. This historical work targeted the southern part of the Prospecting Licence and included several hand-auger drilling and pit sampling programs (ASX announcement, 27 April, 2017). The primary historical drilling campaign focused on an area of approximately 3.5km by 1km and included 39 auger holes for 101 samples. This work identified substantial tonnages of material with grades of between 40% and 45% total Al₂O₃ and 5% to 10% total SiO₂. Significant infrastructure requirements are in place surrounding the Project area.

The Project is adjacent to commercial port facilities, offering significant infrastructure advantages for any future export mining operations. The Noro Port can accommodate Handymax and Supermax bulk cargo ships, and is proposed for an infrastructure upgrade program in the near future. The Company intends to establish a strong working relationship with the Port Authority to assist in these improvements.

The Project is well serviced by daily domestic flights from Honiara to Munda Airport, which is currently being upgraded to accommodate international flights. Access within the Project appears good with extensive logging tracks crisscrossing the Prospecting Licence.

National Minerals Policy

In June 2017, the National Government of the Solomon Islands launched the new National Minerals Policy ("**Policy**"). This Policy clearly describes the rights of traditional landowners in the decision-making process for the granting and management of mining licences, as well as

the rights and responsibilities of prospectors and miners. Representatives of the Company attended the Policy's launch in Honiara. The Policy provides a clear vision and objectives for the minerals sector for ethical and respectful development in the Solomon Islands and is welcomed by the Company.

Pacific Bauxite has a strong commitment to recognising and respecting traditional landowners, customs and culture, and the environment. The Company has developed its own program for community assistance, targeting the key areas of health and education. These programs are undertaken in consultation with all stakeholders including traditional landowners and communities, and Provincial and National authorities.

END

For further information, visit www.pacificbauxite.com.au or contact:

Mark Gwynne

CEO

Pacific Bauxite Ltd.

P: +61 (8) 9481 4478

E: info@pacificbauxite.com.au

James Moses

Media and Investor Relations

Mandate Corporate

M: +61 (0) 420 991 574

E: james@mandatecorporate.com.au

Competent Persons Statement

The information in this report that relates to Exploration Results and Targets is based on information compiled by Mr Brett Smith, B.Sc Hons (Geol), Member AusIMM, Member AIG and employee of Pacific Bauxite Limited. Mr Smith has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Smith consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Forward Looking Statements

This announcement contains certain statements that may constitute "forward looking statement". Such statements are only predictions and are subject to inherent risks and uncertainties, which could cause actual values, results, performance achievements to differ materially from those expressed, implied or projected in any forward looking statements.

Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company's

prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.

The Company believes that it has a reasonable basis for making the forward looking Statements in the announcement based on the information contained in this and previous ASX announcements.

The Company is not aware of any new information or data that materially affects the information included in this ASX release, and the Company confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the exploration results in this release continue to apply and have not materially changed.

Table 1: Checklist of Assessment and Reporting Criteria

7th September, 2017

The Southwest New Georgia Bauxite Project – Reconnaissance Auger Drilling, Pit Sampling and Analysis

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Exploration has included sampling of hand-dug test pits and conventional hand-auger drilling. Sample sites were tested at approximately one metre depth. Conventional hand-augers used have the capacity to test to depths of six metres below surface, however the strategy for this reconnaissance sampling program has been to geographically identify the extents of bauxitic soils. One sample has been taken from pits or the base of the auger holes. Field samples of between 2kg and 4kg were collected in calico bags and transported to the site office. A sub-sample of approximately 50 grams was taken from the calico for drying, crushing, grinding and testing using a hand-held XRF. An additional sample of approximately 300 grams was taken from the calico, collected in plastic snap-sealed bags for transport to an Australian laboratory for analysis (if required).
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> Conventional hand auger drilling; 62 mm in diameter.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> The Hand-Auger drilling can test shallow soil profiles to a maximum depth of 6 metres. Sample recovery for this style of drilling is generally very good.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. 	<ul style="list-style-type: none"> Hand written logs record hole number, date drilled, Land Owner details, sample numbers, depth (m), geological descriptions of the soil profile and basement material. All logs have been transcribed to digital spreadsheets and combined

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • with field assay results. • Logging is descriptive and qualitative in nature.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • Field samples of between 2kg and 4kg were collected in calico bags and transported to the site office. • Samples are generally damp and subsampling has been completed by taking random “cut” from the main sample. • A sub-sample of approximately 50 grams was taken from the calico for drying, crushing, grinding and testing using a hand-held XRF. • An additional sample of approximately 300 grams are cut from the calicos, collected in a separate bags for transport to an Australian laboratory for analysis (if required). • This phase of exploration is reconnaissance in nature and provides an indication of the tenor and distribution of mineralisation within the Project. • Sample and sub-sample sizes are considered appropriate for this stage of exploration.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> • <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> • Samples were analysed in a field laboratory established at the Company’s site office. • Field analysis was undertaken using a handheld Olympus Innov-X Delta XRF instrument. Personnel using these instruments have been trained in Australia and are certified to use the equipment. As a check on the performance of the instruments, industry standard reference Standards and Blanks were used before each testing session and at regular intervals of approximately 50 samples during each session.
Verification of sampling and assaying	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • Similar exploration at the Company’s other projects in the Solomon Islands indicate results using the Field XRF report approximately 3% higher than the Lab results for Al₂O₃. Field sample preparation techniques have been improved since this analysis was conducted and it is expected the repeatability of the field analysis will improve. • Bauxite deposits in the Pacific typically have residual soil profiles that are fairly uniform with respect to Al₂O₃ content. Field analysis of samples from auger drilling support that the tenor of the Al₂O₃ content is fairly consistent throughout the soil profile.

Criteria	JORC Code explanation	Commentary
Location of data points	<ul style="list-style-type: none"> • Accuracy and quality of surveys used to locate drill-holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> • All sample sites have been located using handheld GPS units. This phase of exploration is reconnaissance in nature and as such the level of accuracy provided by this equipment is deemed as adequate. • Datum: WGS84 (Zone 57s). • Sample site locations can be determined from plans provided within the document.
Data spacing and distribution	<ul style="list-style-type: none"> • Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied. 	<ul style="list-style-type: none"> • A conventional auger drilling and pitting program has tested 239 sites, 199 with Auger and 40 hand dug pits. A total of 239 samples were taken; field XRF assay results have been reported for 239 samples. • This phase of exploration is reconnaissance in nature. Data density, the quality of sampling and data analysis is not sufficient for the completion of resource estimation. • Sample sites are variable, to some degree determined by access and regolith.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> • The auger drilling and pit sampling is reconnaissance in nature, with sample sites determined primarily by access over the inland island areas. • No orientation bias has been established.
Sample security	<ul style="list-style-type: none"> • The measures taken to ensure sample security. 	<ul style="list-style-type: none"> • All sampling and field analysis are supervised by Company geologists. • Lab samples are transported to Honiara for additional sorting by Company geologists, prior to couriering to Brisbane for quarantine and analysis.
Audits or reviews	<ul style="list-style-type: none"> • The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> • Industry Standards and Blanks are utilised and assessed for on-site analysis.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership, including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> Prospecting Licence PL04/17 is held by Australian Pacific Bauxite Pty Ltd, a wholly owned subsidiary of AU Capital Mining Pty Ltd, a joint venture between Pacific Bauxite (50% ownership and management) and private Australian entities. The Prospecting Licence is governed by the Ministry of Mines, Energy and Rural Electrification in the Solomon Islands.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Prior exploration by Australian companies in the early 1970's identified extensive areas of bauxite mineralisation and postulated the potential for economic deposits at South West New Georgia. This historical work targeted the southern part of the Prospecting Licence. This work included several hand-auger drilling and pit sampling programs (ASX announcement, 27 April, 2017). The primary drilling campaign focused on an area of approximately 3.5km by 1km and included 39 auger holes for 101 samples. This work identified substantial tonnages of material with grades of between 40% and 45% total Al₂O₃ and 5% to 10% total SiO₂.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The style of mineralisation is bauxite as residual soils over ancient limestone reef (karst environment). Such deposits are also known as karst or carbonate bauxites and are well documented throughout tropical and sub-tropical regions. These deposits are formed by lateritic weathering and residual soils (clays) over or interbedded with limestone. Typically, deposits consist of low temperature gibbsite (tri-hydrate or tropical bauxite). Bauxite is aluminum-rich ore that is used for aluminum production.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in 	<ul style="list-style-type: none"> A conventional auger drilling and pitting program has tested 239 sites, 199 with conventional hand auger and 40 pits. Sites were surveyed using handheld GPS units with datum WGS84 (Zone 58s). Sample site locations can be determined from plans provided within

Criteria	JORC Code explanation	Commentary
	<p><i>metres) of the drill hole collar</i></p> <ul style="list-style-type: none"> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> <ul style="list-style-type: none"> ● <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<p>the document.</p> <ul style="list-style-type: none"> ● All auger holes were vertical. ● Total hole depth and end of hole information has been recorded. ● It is impractical to include all this data within this document. Overview plans have been provided as summary information.
Data aggregation methods	<ul style="list-style-type: none"> ● <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> ● <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> ● <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> ● Specific grades have not been reported within this document. ● Grade ranges are provided in the diagrams for visual reference.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> ● <i>These relationships are particularly important in the reporting of Exploration Results.</i> ● <i>If the geometry of the mineralisation with respect to the drill-hole angle is known, its nature should be reported.</i> ● <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> ● The spatial distribution of areas tested to date are provided within the plans of this report. ● No depths have been provided. No volume calculations are reported. ● The bauxitic soils are expected to be flat lying with variable depths (yet to be determined).
Diagrams	<ul style="list-style-type: none"> ● <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> ● Diagrams within this announcement identify positions of sample sites. ● Grade ranges for sample results are show in figures within the report.
Balanced reporting	<ul style="list-style-type: none"> ● <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> ● Grade ranges for sample results are show in figures within the report.
Other substantive exploration data	<ul style="list-style-type: none"> ● <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> ● Bauxite mineralisation within the Project has been defined by past explorers. ● The reporting of this work is not of sufficient detail to be included in this report.

Criteria	JORC Code explanation	Commentary
Further work	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • It is expected this reconnaissance exploration will continue in the short term and be used to define areas for follow-up exploration and resource definition.