

## QUARTERLY ACTIVITIES REPORT PERIOD ENDING 30 SEPTEMBER 2017

### PERIOD OVERVIEW - EXPLORATION

- **Pacific Bauxite granted a Prospecting Licence for the South West New Georgia Bauxite Project (SWNG), located in the Western Province of the Solomon Islands:**
  - Historic exploration indicates potential for widespread DSO-grade bauxite, similar to targets at the Company's Nendo Bauxite Project
  - Project is close to a major port and other beneficial infrastructure
- **Pacific Bauxite has defined three high-grade bauxite targets at SWNG during its recently completed initial reconnaissance program.**
  - Testing in these areas returned average-grade bauxite results of above 45% Al<sub>2</sub>O<sub>3</sub>, with peak results of +55% Al<sub>2</sub>O<sub>3</sub>
  - The three high-grade targets have defined the initial focus for future detailed exploration and resource definition at the project
  - Large areas of SWNG prospective for bauxite remain untested, providing significant potential exploration upside
- **New phase of exploration at the Nendo Bauxite Project (Nendo) underway:**
  - Fieldwork at Nendo is targeting high-grade bauxite mineralisation for resource definition
- **Ongoing local community engagement and awareness programs have resulted in strong public support for Pacific Bauxite's exploration activities.**
- **Pacific Bauxite aims to develop DSO-quality bauxite operations with grades of 40% - 45% total Al<sub>2</sub>O<sub>3</sub> and 5% -10% total SiO<sub>2</sub> for Asia's growing seaborne bauxite market.**

### CORPORATE HIGHLIGHTS

- **Placement successfully completed to raise approximately \$1,900,000.**
- **Funds will enable the Company to conduct exploration and resource definition drilling at its Nendo and Southwest New Georgia bauxite projects.**

Pacific Bauxite Ltd (**Pacific Bauxite** or **Company**) (ASX: PBX) is pleased to present its Quarterly Activities Report for the period ending 30 September 2017. During the Quarter, the Company focused on expanding and solidifying its DSO-prospective bauxite footprint in the Solomon Islands region, both recommencing field activities at its lead asset – the Nendo Bauxite Project, and also acquiring the South West New Georgia Bauxite Project (**SWNG**) (formerly named Noro Bauxite Project). Since the acquisition of SWNG, the Company has completed an initial reconnaissance-sampling program, which identified three high-grade bauxite targets.

Both projects are located in the Solomon Islands (Figure 1) and have provided the Company with enormous scope to identify and develop significant bauxite deposits within the Solomon Islands region.

Pacific Bauxite is seeking to establish premium grade bauxite mining operations at its projects in the Asia-Pacific region for export into the Asian market, targeting DSO-quality bauxite operations with grades of 40% - 45% total  $Al_2O_3$  and 5% -10% total  $SiO_2$  for Asia's growing seaborne bauxite market. Exploration activity for this style of bauxite deposit has increased significantly in recent years, coincident with an increase in demand for high quality bauxite to feed the growing alumina demand in Asia.



Figure 1 – Project Locations

## SOLOMON ISLANDS PROJECT SUMMARY

### South West New Georgia Bauxite Project - New Project Acquisition

During the Quarter, Pacific Bauxite completed the acquisition of the South West New Georgia Bauxite Project (**SWNG**) in the Solomon Islands. The Company received final approval from the Solomon Islands Government's Ministry of Mines, Energy and Rural Electrification (**MMERE**) for Prospecting Licence PL04/17, which covers the SWNG project area (**Prospecting Licence**).

The Prospecting Licence has been granted for an initial period of three years and can be extended for two years upon application. A further extension of two years may be applied for, totaling seven years.

The Company believes SWNG is prospective for large tonnage direct shipping ore (**DSO**) bauxite mineralisation, which appears analogous with deposits in the Nendo and Rennell Islands, both within the Solomon Islands (Figure 1). This style of mineralisation provides the opportunity for quick, cost-effective resource definition and a simple, low cost, dig-load-ship style mining operation.

The granting of the Prospecting Licence followed an extensive Awareness Program, conducted by Pacific Bauxite and involving all stakeholders including traditional landowners, local communities, and both Provincial and National Government representatives.

The Company has received overwhelming widespread local support for its proposed prospecting activities, and the local government has granted the Company a Business Licence to operate in the Western Province. All relevant communities executed Surface Access Agreements with Pacific Bauxite, which allowed for the immediate commencement of prospecting over the entire license area.

The Prospecting Licence was granted to Australian Pacific Bauxite Pty Ltd, a wholly owned subsidiary of Eight South Investments Pty Ltd, a joint venture between Pacific Bauxite (50% ownership and management) and private Australian entities.

## **High-grade bauxite regions identified at SWNG**

Soon after acquiring SWNG, the Company identified three high-grade bauxite targets during its recently completed reconnaissance-sampling program. The 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% Al<sub>2</sub>O<sub>3</sub> (alumina).

**The program has resulted in the discovery of three distinct high grade targets, each returning peak results of between 55% and 57% Al<sub>2</sub>O<sub>3</sub> (Figure 2).**

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.

Sampling to date indicates the mineralisation at SWNG contains slightly higher SiO<sub>2</sub> (silicon dioxide) content than the Company's lead Solomon Islands bauxite project, the Nendo Project. However, with results as low less than 1% total SiO<sub>2</sub> and almost one third of the samples containing below 16% total SiO<sub>2</sub>, there is excellent potential to delineate significant tonnages of DSO quality, high value material with lower SiO<sub>2</sub> content.

The critical "reactive silica" content is expected to be substantially less than the total SiO<sub>2</sub> 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, representative samples will be sent to a certified Australian laboratory for analysis.

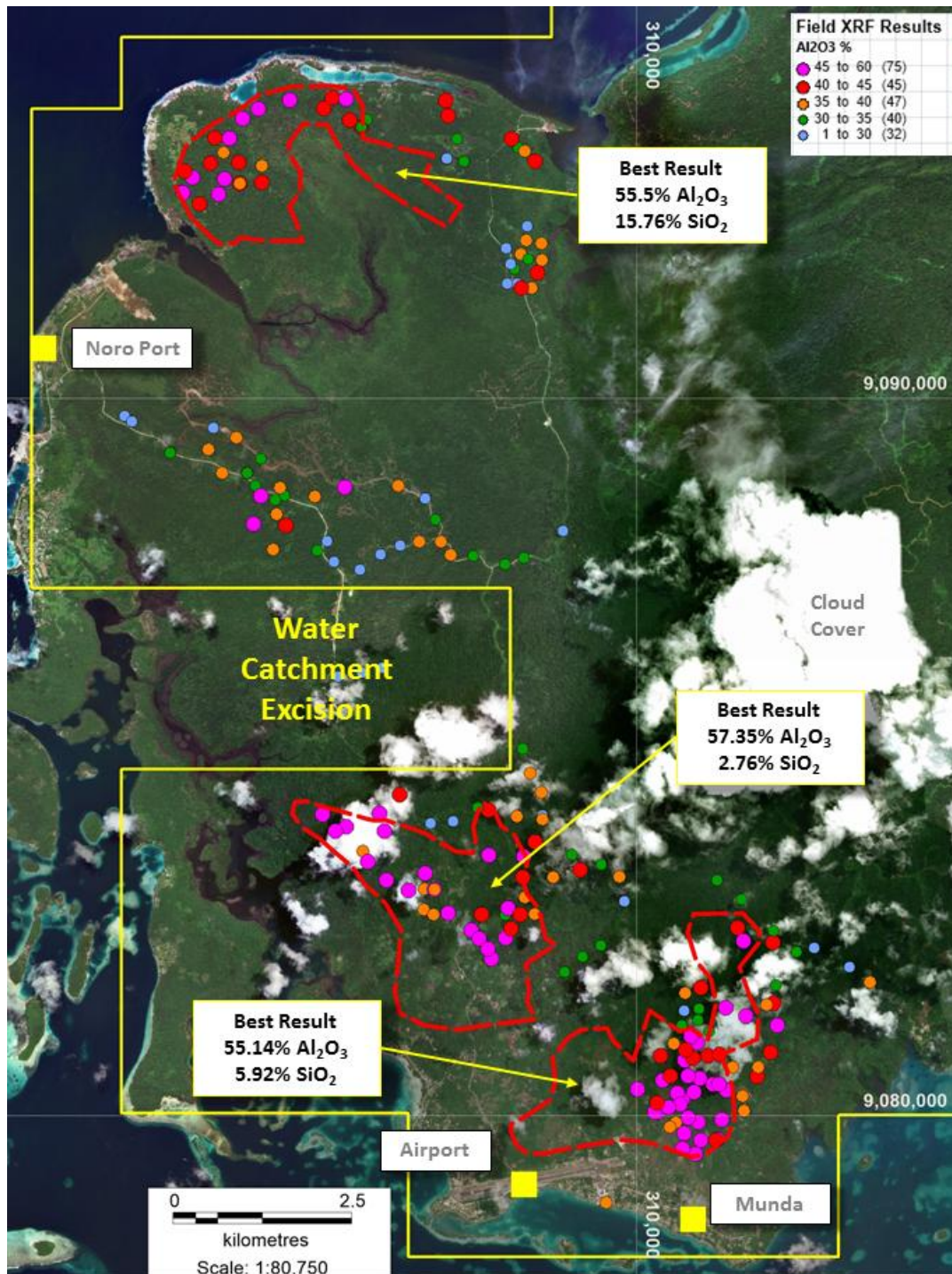


Figure 2 – Landsat Imagery of the SNWG Project, including reconnaissance sampling locations, colour coded with grade ranges for field hand-held XRF Al<sub>2</sub>O<sub>3</sub> results.

## SWNG Project Summary

The SWNG Prospecting Licence covers an area of 236km<sup>2</sup> and targets bauxitic clays on uplifted limestone reef (averaging more than 100m above sea level), analogous in nature to the Company's Nendo project. 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 Nendo.

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. Historical work targeted the southern part of the application, north of the town of Munda, and included several hand-auger drilling programs and test pitting. The main campaign of drilling 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 Al<sub>2</sub>O<sub>3</sub> and 5% to 10% total SiO<sub>2</sub>.**

During Pacific Bauxite's recent Awareness Program, Company representatives substantiated the historical fieldwork by identifying extensive bauxite mineralisation present in road cuttings and areas of ground disturbance, as well as meeting with landowners engaged in the previous exploration.

The Company believes SWNG is prospective for large tonnage, DSO, bauxite mineralisation. This style of mineralisation provides the opportunity for inexpensive resource definition and a simple, low cost dig-load-ship style mining operation.

### **Significant infrastructure requirements in place**

SWNG 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 subject to an infrastructure upgrade program in the near term. The SWNG 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.

### **Nendo Bauxite Project - Resumption of field exploration activities**

The Nendo Bauxite Project (**Nendo**) has demonstrated extensive areas of potentially high-grade DSO bauxite mineralisation (ASX announcement 27 September 2016). While much of the project area remains unexplored, the Company has delineated an initial priority target area of approximately 12km by 2km.

During the Quarter, the Company was pleased to advise that its next phase of exploration at Nendo would commence in the immediate future. This phase of exploration is targeting identified higher-grade areas of bauxite mineralisation and is intended to generate sufficient data to determine an exploration target, and possibly an interim Resource estimate. Exploration will also continue to test prospective new areas with auger drilling.

To date, the Company has completed first phase reconnaissance prospecting at Nendo and has identified significant areas of bauxite mineralisation (ASX announcements 19 May, 7 July and 25 August, 2016). The work undertaken included drilling shallow hand auger holes on a wide spaced pattern, with negligible environmental impact. Prospecting has been carried out with the assistance and employment of local landowners, which provided transparency of the Company's activities and provided the opportunity to educate and inform the local communities of the resources existing on their land.

A total of 702 samples were taken across 291 sites, of which 169 were tested with conventional auger and 122 with pit/stick auger. This method of exploration and analysis has provided a quick and cost-effective method of assessing mineralisation within Nendo.

The Company's results indicated the tenor of Al<sub>2</sub>O<sub>3</sub> content is fairly consistent, with little variation throughout the soil profile. Importantly, results show that mineralisation has low impurities and low reactive silica content.

Average results returned by Field XRF and Laboratory analysis are summarised in the Table 1, below.

Category/Criteria	Total Al <sub>2</sub> O <sub>3</sub> (%)	Total SiO <sub>2</sub> (%)	av_Al <sub>2</sub> O <sub>3</sub> (%)	rxSiO <sub>2</sub> (%)
<b>Field XRF Results</b>				
Samples with <7% SiO <sub>2</sub>	40.28	4.50		
Samples with <7% SiO <sub>2</sub> and +40% Al <sub>2</sub> O <sub>3</sub>	43.35	4.22		
<b>Laboratory Results</b>				
Samples with <5% rxSiO <sub>2</sub>	38.91	5.48	30.66	2.90
Samples with <5% rxSiO <sub>2</sub> and +40% Al <sub>2</sub> O <sub>3</sub>	<b>41.21</b>	<b>4.08</b>	<b>33.34</b>	<b>2.39</b>

**Table 1 – Nendo Bauxite Project average of auger sample results for Field and Lab assays as reported in ASX announcement dated 27<sup>th</sup> September 2016.**

**Table Notes:**

Al <sub>2</sub> O <sub>3</sub> = Total Alumina
av_Al <sub>2</sub> O <sub>3</sub> = Available Alumina = Gibbsite Alumina + Kaolinite Alumina - Low Temperature Desilication Product.
totSiO <sub>2</sub> = SiO <sub>2</sub> = Total Silica
rxSiO <sub>2</sub> = Reactive Silica

The Company looks forward to progressing its activities at Nendo in the current Quarter. The current phase of exploration will target higher-grade areas of bauxite mineralisation and provide sufficient data to allow determination of relevant Exploration Targets and Resource estimates. Exploration will also continue to test prospective new areas with auger drilling.

**On-going community engagement**

Prior to, and as a condition of, the granting of Prospecting Licences at Nendo and SWNG, the Company completed extensive education and awareness presentations with the local communities and landowners. This activity was overseen, documented and photographed by a representative of the Department of Mines, Minerals and Rural Electrification (National Government). In support of this process, it is the Company's policy to provide ongoing awareness programs and information to the local communities to ensure that all stakeholders are fully informed of the Company's activities on an ongoing basis.

The Company has not conducted sufficient work to warrant a decision to mine bauxite on either of the projects. Should this occur, the Company would be required to submit comprehensive mining, social and environmental studies for scrutiny and approval by the national and provincial governments, as well as (and most importantly) the landowners. As a matter of course, for the benefit of all stakeholders including Pacific Bauxite shareholders, these requirements would be completed to best practice standards as required in the Solomon Islands and Australia.

Regardless of location, the Company addresses rehabilitation and sustainability in any proposal for mining. It is one of the Company's beliefs - and a key social and corporate responsibility - that any successful mining operation must identify and provide on-going, long-term benefits for the local communities. The Company's approach would be based on long-term sustainable land use, not short-term gain.

## **AUSTRALIAN PROJECT SUMMARY**

### **Golden Camel Project, Victoria**

Pacific Bauxite retains a royalty of A\$2/t on all gold ore mined after the first 20,000oz has been produced from the Golden Camel Project, which contains a Measured, Indicated & Inferred JORC (2012) Resource of 266,000t @ 1.7g/t Au within Mining Licence 5548.

Golden Camel Mining Pty Ltd (**GCM**) is developing the Golden Camel Project and the Company will report updates to the market as they are received from GCM.

### **Mount Richardson Project**

Cliffs Asia Pacific Iron Ore Pty Ltd is the owner of E29/571 following the sale of the Mt Richardson Project on 13 July 2010. Pacific Bauxite retains a royalty of 2% on average/tonne FOB sales value of iron ore product that departs E29/571 as well as a one off payment of AUD 0.50 per dry metric tonne on tonnages in excess of independently evaluated Indicated or Measured Resources of 10,000,000 tonnes.

### **Rogetta Project, Tasmania**

The Rogetta Project (formerly Blythe Iron Ore Project) is owned and operated by Forward Mining Ltd. The Company is entitled to a stream of milestone payments and royalty benefits subject to mining commencing at Rogetta. Mining Lease ML1996P/M was granted on 4 June 2015 for a proposed magnetite iron ore mine at Rogetta and is currently has an EPA Assessment in Progress.

## **CORPORATE**

### **Cash Position**

The Company closed the September 2017 Quarter with approximately \$1,615,000 in cash.

### **General Meeting**

The Company held a General Meeting on 18 August 2017. All resolutions put forward at the meeting were passed on a show of hands.

## Board Restructure

During the Quarter, the Company advised of a restructure of its Board. Mr. Mark Gwynne stepped down as the Company's Executive Chairman and assumed the position of Executive Director and CEO. Mr John Ciganek, formerly a Non-Executive Director of the Company, replaced Mr Gwynne as Non-Executive Chairman.

## Placement Completed

During the Quarter, the Company successfully completed a Placement to raise \$1,900,000 to advance the Company's high-grade DSO-prospective projects in the Solomon Islands. The Placement resulted in the issue of 73,076,919 fully paid ordinary shares at an issue price of \$0.026 per share.

Under the Placement, 76,692,307 Shares were issued pursuant to a resolution passed at the Company's General Meeting held on 18 August 2017, and the remaining 15,384,612 Shares were issued under the Company's existing capacity under ASX Listing Rule 7.1.

## Notice of Annual General Meeting of Shareholders

Post Quarter, the Company advised its Annual General Meeting of Shareholders would be held on 30 November 2017 at the Celtic Club in West Perth, Western Australia. Further details about the meeting and the proxy form are available on the Company's website (ASX announcement 20 October 2017).

## Debt Recovery

Proceedings for the recovery of legal fees paid on behalf of former director Mr Zohar have ceased following the receipt of \$47,990 as the first and final dividend from the bankrupt estate in October 2017.

**Ends.**

For further information, visit [www.pacificbauxite.com.au](http://www.pacificbauxite.com.au) or contact:

Mark Gwynne

**CEO**

**Pacific Bauxite Ltd.**

P: +61 (8) 9481 4478

E: [info@pacificbauxite.com.au](mailto:info@pacificbauxite.com.au)

James Moses

**Media and Investor Relations**

**Mandate Corporate**

M: +61 (0) 420 991 574

E: [james@mandatecorporate.com.au](mailto:james@mandatecorporate.com.au)



## Competent Person Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Brett Smith, B.Sc Hons (Geol), Member AusIMM, Member AIG, Mr Smith is an employee and Director of the company. Mr Smith has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 his 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.

**PBX SCHEDULE OF INTERESTE IN MINING TENEMENTS  
(as required by ASX Listing Rule 5.3.3)**

**Mining Tenements at 30<sup>th</sup> September 2017**

Location	Tenement	Name	Holder	Equity	Status	Area
<b>SOLOMON ISLANDS</b>						
	PL01/16	Nendo	Pacific Bauxite Ltd	50%	Granted	447 km <sub>2</sub>
	PL04/17	South West New Georgia	Pacific Bauxite Ltd	50%	Granted	236 km <sub>2</sub>

**Mining Tenements Acquired During the Quarter**

During the September 2017 Quarter, the Company acquired the South West New Georgia prospecting licence (PL04/17) located in the Solomon Islands. The Prospecting Licence was granted to 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 (ASX announcement, 4 August 2017).