

QUARTERLY ACTIVITIES REPORT PERIOD ENDING 31 DECEMBER 2017

PERIOD OVERVIEW - EXPLORATION

- **Pacific Bauxite has defined three high-grade bauxite targets at its South West New Georgia Bauxite Project (SWNG) in the Solomon Islands:**
 - Testing in these areas returned average-grade bauxite results of above 45% Al₂O₃, with peak results of +55% Al₂O₃;
 - The three high-grade targets have defined the initial focus for future detailed exploration and resource definition at SWNG;
 - Large areas of SWNG prospective for bauxite remain untested, providing significant potential exploration upside.
- **Exploration at the Nendo Project (Solomon Islands) has been stalled due to transport and access issues related to adverse weather conditions – preparations underway to recommence in Q1 2018.**
- **Ongoing local community engagement and awareness programs in the Solomon Islands have resulted in strong public support for the Company's exploration activities.**
- **Pacific Bauxite has acquired the Darling Range Bauxite Project (Project) in Western Australia:**
 - The Project comprises 2 Exploration Licence Applications over a total area of 405 km², approximately 60 km northeast of Perth;
 - The Project hosts a JORC 2004 Inferred Resource of 89.3Mt @ 41.75 % Al₂O₃;
 - Upgrading resources to JORC 2012 compliance to be completed subsequent to the granting of the leases.
- **The Project provides the Company a low-cost entry point to an advanced bauxite project in an established, globally recognised bauxite region.**
- **The Darling Range Project acquisition is part of the Company's strategy to secure high quality bauxite assets in targeted jurisdictions to meet forecast growth in bauxite demand, and complements the Company's existing DSO-quality bauxite exploration projects in the Solomon Islands.**
- **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.**

CORPORATE HIGHLIGHTS

- **Mr. Peter Lewis was appointed to the Board as a Non-Executive Director on the 30th January 2018, following the resignation of Mr. Mark Gwynne as Executive Director. Mr. Gwynne remains as Chief Executive Officer.**

Pacific Bauxite Ltd (**Pacific Bauxite** or **Company**) (ASX: PBX) is pleased to present its Quarterly Activities Report for the period ending 31 December 2017. During the Quarter, the Company focused on solidifying its DSO-prospective bauxite footprint in the Solomon Islands region.

Access to the Company's lead asset, the Nendo Bauxite Project, was disrupted during the Quarter due to inclement weather restricting the flights to the island. As such, the Company focused its attention on establishing its capacity to explore of the South West New Georgia Bauxite Project (**SWNG**) (formerly named Noro Bauxite Project) where the Company has identified three high-grade bauxite targets.

Both projects are located in the Solomon Islands and have provided the Company with enormous scope to identify and develop significant bauxite deposits within the Solomon Islands region, where the Company is seeking to establish premium grade bauxite mining operations for export into the Asian market.

Post Quarter, the Company announced its acquisition of the Darling Range Bauxite Project (**Project**), located in the Darling Ranges northeast of Perth, Western Australia (**Acquisition**). The Project comprises two Exploration Licence Applications (ELA 70/5111 and 70/5112), which cover a total area of 405 km² within the Darling Ranges, approximately 60 km northeast of Perth.

The Project area hosts a JORC 2004 inferred mineral Resource estimate of 89.3Mt @ 41.75% total Al₂O₃ (aluminium oxide) and 4.43% reactive (soluble) SiO₂ (silicon dioxide), inclusive of nine main resource areas over a strike of approximately 75 km.

The Acquisition is consistent with the Company's strategy to build a portfolio of high quality bauxite assets in targeted jurisdictions; the Company is targeting DSO-quality bauxite operations with grades of 40% - 45% total Al₂O₃ and 5% -10% total SiO₂ in order to position itself to help satisfy the forecasted near term growth in global bauxite demand.

SOLOMON ISLANDS PROJECT SUMMARY

Nendo Bauxite Project - Ongoing field exploration activities

The Nendo Bauxite Project (**Nendo**) located in the Solomon Islands (Figure 1) has demonstrated extensive areas of potentially high-grade direct shipping ore (**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 12 km by 2 km.

The current 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 is continuing 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.

Recent work by the Company at Nendo has focused on strengthening the relationships with the local communities and establishing frameworks of engagement between the parties. Exploration proposed for the end of 2017 was disrupted due to poor weather that affected access to the island. This work is now expected to be completed within the March 2018 quarter.



Figure 1 – Project Locations

The Company looks forward to progressing its activities at Nendo in the current quarter. The current phase of exploration is targeting higher-grade areas of bauxite mineralisation and will 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.

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). 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 3.5 km by 1 km and included 39 auger holes for 101 samples. **This work identified substantial tonnages of material with grades of between 40% and 45% total Al_2O_3 and 5% to 10% total SiO_2 .**

The Company believes SWNG is prospective for large tonnage, DSO bauxite mineralisation, which appears analogous with deposits in the Nendo and Rennell Islands – all projects are located in 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 Prospecting Licence has been granted to Pacific Bauxite by the Solomon Islands Government's Ministry of Mines, Energy and Rural Electrification (**MMERE**) 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 has received overwhelming widespread local support for its proposed prospecting activities at SWNG. The Prospecting Licence was granted 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.

High-grade bauxite regions identified at SWNG

Soon after acquiring SWNG, the Company identified three high-grade bauxite targets during its 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_2O_3 (alumina).

The program resulted in the discovery of three distinct high grade targets, each returning peak results of between 55% and 57% Al_2O_3 (Figure 2).

Sampling to date indicates the mineralisation at SWNG contains slightly higher SiO_2 (silicon dioxide) content than the Company's Nendo Project. However, with results as low as less than 1% total SiO_2 and almost one third of the samples containing below 16% total SiO_2 , there is potential to delineate significant tonnages of DSO quality, high value material with lower SiO_2 content.

The critical "reactive silica" content is expected to be substantially less than the total SiO_2 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.

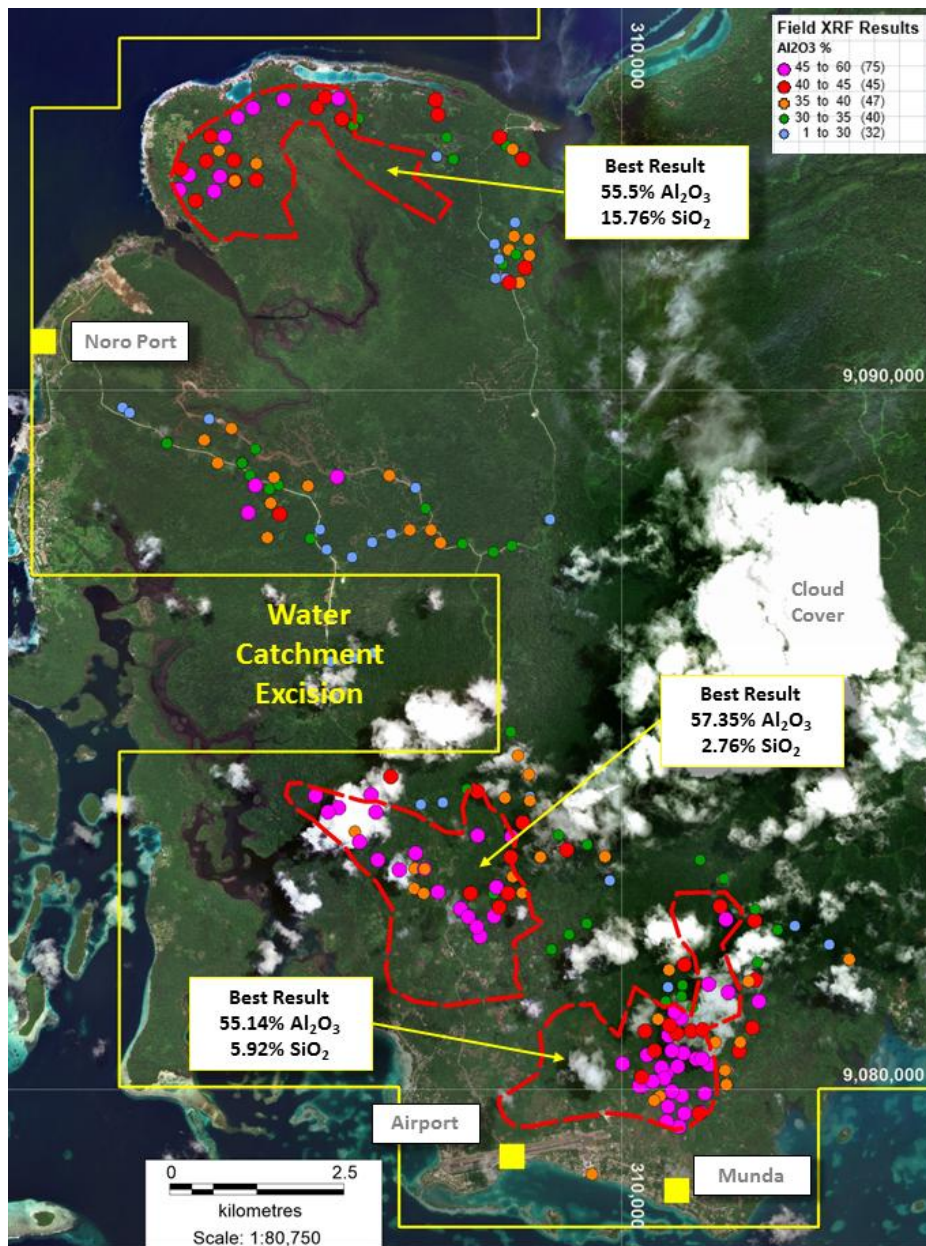


Figure 2 – Landsat Imagery of the SNWG Project, including reconnaissance sampling locations, colour coded with grade ranges for field hand-held XRF Al₂O₃ results.

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.

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 MMERE (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

New Project Acquisition: Darling Range Bauxite Project, Western Australia

Post Quarter, the Company announced it had acquired the Darling Range Bauxite Project (**Project**) located in the Darling Ranges northeast of Perth, Western Australia.

The Acquisition is consistent with the Company's strategy to build a portfolio of high quality bauxite assets in targeted jurisdictions, in order to position itself to help satisfy the forecasted near term growth in global bauxite demand.

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The Project comprises two Exploration Licence Applications (ELA 70/5111 and 70/5112), which cover a total area of 405 km² within the Darling Ranges, approximately 60 km northeast of Perth (Figure 3).

The Project area hosts a JORC 2004 inferred mineral Resource estimate of 89.3Mt @ 41.75% total Al₂O₃ (aluminium oxide) and 4.43% reactive (soluble) SiO₂ (silicon dioxide), inclusive of nine main resource areas over a strike of approximately 75km. See Table 1, below, for Resource details.

Darling Range	Tonnes (MT)	Total Al ₂ O ₃ %	Available Al ₂ O ₃ %	Reactive SiO ₂ %	LOI %
Total Inferred Resource	89.3	41.75	28.51	4.43	19.21

Table 1: Published JORC (2004) compliant resource estimate (IRM, 2011) at a cut-off of 26% Available Al₂O₃.

The tenements covering the Project were previously held by Pacific Bauxite (when it was named Iron Mountain Mining (ASX:IRM)). The Company sold the Darling Range tenements to Chinese-backed private mineral resources investment company Alpha Bauxite Pty Ltd (**Alpha**) in 2012 (IRM ASX announcements, 6 March 2012 and 24 August 2012). Alpha subsequently surrendered its tenure in June 2017.

Given the Company's previous exposure and understanding of the Project area, it viewed the opportunity to acquire the asset as a highly attractive, low-cost entry point to a potentially high quality, advanced bauxite project with significant upside, in a major, established bauxite region.

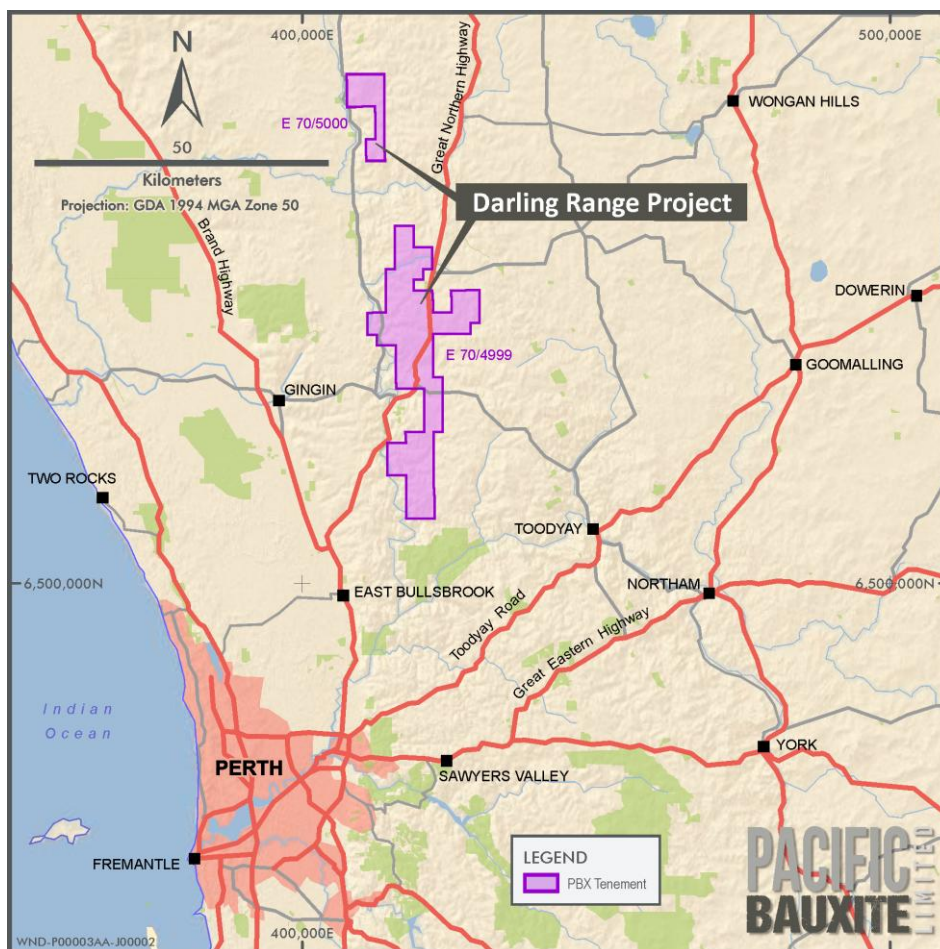


Figure 3 – Darling Range Project Location

The Darling Ranges host extensive bauxite resources and have a long history of exploration and mining. Production commenced in the region in the 1960's and it currently hosts major bauxite mining operations including South 32's Worsley Alumina and Alcoa.

Proposed Strategy and Activity

Upon the successful granting of the Exploration Licence Applications by the Western Australia Department of Mines, Industry Regulation and Safety, Pacific Bauxite plans to assess and review the JORC resource estimates, with a view to upgrading the Resource to JORC 2012 compliance as a priority. The Company will also plan fieldwork programs designed to define the extent of the mineralised area within the Project and expand the Project area.

The Project tenements are subject to multiple and varied land-use stakeholders. The Company will undertake an extensive review of any conflicting land-uses, access issues and infrastructure in its assessment of the Project's existing Resource prior to the commencement of any ground disturbing fieldwork.

The Acquisition

The consideration payable by Pacific Bauxite to Nearology Pty Ltd for assistance in relation to the Acquisition comprises the aggregate of:

- 1,000,000 fully paid ordinary shares in Pacific Bauxite, issued on settlement;
- A one-off cash payment of \$30,000, with payment deferred subsequent to any future equity capital raising by Pacific Bauxite.

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 December 2017 Quarter with approximately \$898,000 in cash.

Annual General Meeting

The Company held its Annual General Meeting on 30 November 2017. All resolutions put forward at the meeting were unanimously passed on a show of hands.

Lapsed Options

On 28 November 2017, 5,250,000 unlisted options exercisable at \$0.09 expired.

Options Exercised

On 19 December 2017, the Company issued 1,000,000 fully paid ordinary shares upon the exercise of 1,000,000 options at \$0.03 each.

The funds raised will be used for ongoing exploration activities at the Company's projects and for general working purposes.

Post Quarter Issue of Shares

On 15 January 2018, the Company advised it had issued 1,000,000 fully paid ordinary shares in relation to the acquisition of two Exploration Licence Applications in Western Australia.

Board Restructure

As announced on 30th January 2018, Mr. Peter Lewis has been appointed to the Board as a Non-Executive Director following the resignation of Mr. Mark Gwynne. Mr. Gwynne will remain as Chief Executive Officer.

Ends.

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

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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 31 December 2017

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

Mining Tenements Acquired During the Quarter

None to report

Mining Tenements Disposed During the Quarter

None to report