

QUARTERLY ACTIVITIES REPORT - PERIOD ENDING 30 SEPTEMBER 2018

PERIOD OVERVIEW - EXPLORATION

- **South West New Georgia Bauxite Project (SWNG) in the Solomon Islands**
 - High quality Direct Shipping Ore grade bauxite at SWNG confirmed by laboratory assay results.
 - Work focused on higher-grade areas for resource definition and mining studies.
 - Highly successful, ongoing community awareness and engagement programs have paved the way for continued prospecting.
- **Exploration halted at Nendo Bauxite Project (Nendo) in the Solomon Islands**
 - The Company formally submitted its appeal documents to the Solomon Islands' High Court (**High Court**), regarding the Minister of Mines, Energy and Rural Electrification's (**Minister**) cancellation of the Nendo Prospecting License PL 01/16 (**Prospecting License**), which is held by the Company's 50% owned subsidiary Eight South Pty Ltd (**JVC**).
- **Post-Quarter Nendo updates:**
 - The High Court granted an interim injunction restraining the Director of the Minerals Board and Minister from accepting any applications from, or granting any conflicting tenements to, any person other than Joint Venture Company in relation to any minerals in the area described in the Prospecting License, pending the determination of the High Court proceedings by JVC or earlier order.
 - The High Court handed down its ruling regarding the Chapter 15 Conference held on 8 October 2018. The Court was satisfied that the JVC has an arguable case and is directly affected by the subject matter of the claim. The High Court found there is no other remedy that resolves the matter fully and directly, and, accordingly, the JVC's claim continues; the High Court has directed that the proceeding be listed for the hearing of preliminary points of law and fact in early November 2018. No date has yet been fixed for this hearing.
 - In parallel with the court process, Pacific Bauxite and JVC representatives are continuing to travel to the Solomon Islands to continue to aggressively pursue out-of-court negotiations.

Pacific Bauxite Ltd (**Pacific Bauxite** or **Company**) (ASX: PBX) is pleased to present its Quarterly Activities Report for the period ending 30 September 2018, during which its successful exploration program continued at the South West New Georgia Bauxite Project (**SWNG**) in the Solomon Islands.

The Company's exploration program at SWNG consists predominantly of low-impact style exploration and auger drilling, with the aim of advancing SWNG to Resource definition status. Recent exploration identified the potential to host large tonnage, direct shipping quality (DSO) mineralisation, suitable for the supply of sea-borne bauxite into China, greater Asia and the Middle East.

The Company's fast-tracking strategies for SWNG are focused on identifying DSO quality mineralisation of between 5.9 Mt and 10.0 Mt (refer to Exploration Target* - ASX announcement 27 March 2018), upon which resource studies and subsequent mining lease applications can be based.

*** This Exploration Target is not a Mineral Resource as defined by JORC 2012. The target is conceptual in nature and, to date, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. Additional details defining the basis for this target are presented within this document.**

In due course, the Company looks forward to updating the market of its SWNG exploration results.

Earlier this year, the Company received a letter from the Solomon Islands' Minister of Mines, Energy and Rural Electrification (**Minister**), advising that the Nendo Bauxite Project (**Nendo**) Prospecting license PL 01/16 (**Prospecting License**), held by its 50% owned subsidiary Eight South Pty Ltd (**JVC**), was cancelled (**Minister's Letter**). In accordance with the requirements of the Minister's Letter, exploration and project work at Nendo was immediately suspended.

The receipt of the Minister's Letter was completely unexpected by the Company. Reasons provided in the Minister's Letter for the cancellation of the Prospecting License included unsatisfactory level of prospecting at Nendo and failure to establish amicable relations with the local communities. The Company is strongly of the view that these grounds are factually incorrect and therefore unjustified.

During the Quarter, the Company formally submitted its appeal documents with the High Court in the Solomon Islands with respect to the cancellation of the Prospecting License. Post-Quarter, the Company was pleased to announce that the High Court has granted an interim injunction restraining the Director of the Minerals Board and Minister from accepting any applications from, or granting any conflicting tenements to, any person other than Joint Venture Company in relation to any minerals in the area described in the Prospecting License, pending the determination of the High Court proceedings by JVC or earlier order.

Recently, the High Court handed down its ruling regarding the Chapter 15 Conference held on 8 October 2018. The Court was satisfied that the JVC is directly affected by the subject matter of the claim and has an arguable case. However, the High Court ruled that it finds there is no other remedy that resolves the matter fully and directly, and, accordingly, the JVC's claim continues. The High Court has directed that the proceeding be listed for the hearing of preliminary points of law and fact in early November 2018. No date has yet been fixed for this hearing.

In parallel with the court process, Pacific Bauxite and JVC representatives are continuing to pursue out-of-court negotiations. The Company will keep the market informed regarding the appeal process and will continue to seek certainty and transparency in its dealings with Government Authorities and the Minister.

SOLOMON ISLANDS PROJECT SUMMARY

Current Activities and Proposed Work – Solomon Islands

The suspension of operations at Nendo enabled the Company to focus its resources on the Southwest New Georgia Bauxite Project (**SWNG**) in the Western Province of the Solomon Islands, which is unaffected by the current situation at Nendo. In the immediate term, exploration activities are seeking to identify DSO quality mineralisation upon which resource and subsequent mining lease applications can be based.

The results of recent work at SWNG has been positive and the Company believes there is good potential for the definition of large tonnage, DSO mineralisation, suitable for the supply of sea-borne bauxite into China, greater Asia and the Middle East.

SWNG Exploration Target

High grade Al₂O₃ and lower silica content identified the Kindu and Dundee prospects (Figure 1), located in the southern part of the SWNG Prospecting Licence - as priority targets. At these targets, an initial Exploration Target⁽¹⁾ of 5.92Mt – 10.05Mt @ 41.0% – 48.0% Al₂O₃ (alumina) and 9.5% - 11.8% SiO₂ (silica) (Table 1) has been estimated, and both targets are now the priority focus for Resource definition work which is currently underway.

Tonnes		Total Al ₂ O ₃		Total SiO ₂	
From	To	From	To	From	To
5,920,000	10,050,000	41.0	48.0	9.5	11.8

Table 1 – Initial Exploration Target⁽¹⁾ for the Kindu and Dundee Prospects, South West New Georgia Project

(1) This Exploration Target is not a Mineral Resource as defined by JORC 2012. The target is conceptual in nature and, to date, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. Additional details defining the basis for this target are presented within this document.

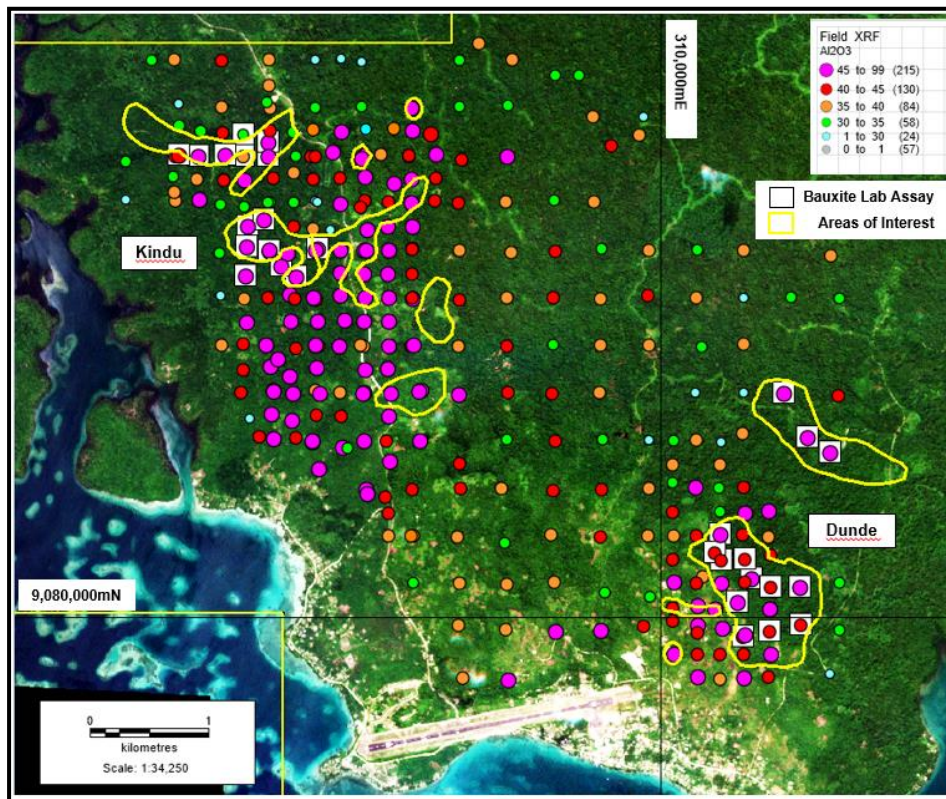


Figure 1 – Satellite Imagery of SNWG (southern area), including auger drilling locations, colour coded with grade ranges from field hand-held XRF Al₂O₃ results, samples submitted for laboratory analysis (white squares) and areas of interest pertaining to the current Exploration Target (yellow polygons).

Potential for DSO-Quality Bauxite Confirmed

The Company's exploration at SWNG has resulted in the definition of large areas of high-tenor bauxitic soils, grading +40% alumina (Al₂O₃), with characteristics suitable for DSO quality bauxite.

Laboratory analysis of samples taken from within the Company's exploration target area (ASX announcement – 27 March 2018) (Figure 1) have validated field XRF results and defined "available alumina" and "reactive silica" values similar in quality to the Company's Nendo Bauxite Project (located in the Solomon Islands) and other DSO operations in the Southeast Asia – Pacific region.

South West New Georgia Bauxite Project - Background

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. 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 kilometres by 1 kilometre 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.

Results from the Company's exploration activities have reinforced the Company's belief that SWNG is prospective for large tonnage, DSO bauxite mineralisation. This style of mineralisation provides the opportunity for quick, cost-effective resource definition and a simple, low cost, dig-load-ship style mining operation.

SWNG is nearby to existing beneficial infrastructure offering significant infrastructure advantages for any future export mining operations, including a deep-water port and township. These factors in conjunction with the highly successful recent phase of exploration mark SWNG as a more advanced project (compared to Nendo) and have confirmed SWNG as Pacific Bauxite's current priority focus.

The Prospecting Licence was granted to Pacific Bauxite by the Solomon Islands Government's Ministry of Mines, Energy and Rural Electrification 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 following the Company's extensive Awareness Program involving all stakeholders including traditional landowners, local communities, and both Provincial and National Government representatives.

Nendo Bauxite Project

The Nendo Bauxite Project (**Nendo**), located in the Solomon Islands (Figure 2), 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 12 kilometres by 2 kilometres.

Shortly after the commencement of the new phase of exploration at Nendo, the Company was provided with a letter from the Solomon Islands' Minister of Mines, Energy and Rural Electrification (**Minister**), advising that prospecting license PL 01/16 (**Prospecting License**) held by its 50% owned subsidiary Eight South Pty Ltd (**Joint Venture** or **JV**) in respect of the Solomon Islands Nendo Bauxite Project was cancelled (**Minister's Letter**) (ASX announcement 6 June 2018).

Following receipt of the Minister's Letter, the Board formed the view that it was appropriate that the Company's securities be placed into a trading halt, and subsequently voluntary suspension, pending clarification of matters raised in that letter. In accordance with the requirements of the Minister's Letter, exploration and project work at Nendo was immediately suspended.

The receipt of the Minister's Letter was completely unexpected by the Company. Reasons provided in the Minister's Letter for the cancellation of the Prospecting License included unsatisfactory level of prospecting at Nendo and failure to establish amicable relations with the local communities. The Company is strongly of the view that these grounds are factually incorrect and therefore unjustified.

The JV continues to work closely with the Minister, the Mines and Minerals department and local communities and had initiated jointly determined strategies for on-going community consultation and prospecting at Nendo (and intends to continue to do so).

Minister's decision appealed

During the quarter, the Company, through its 50% owned joint venture company Eight South Investments Pty Ltd (**JVC**), formally submitted its appeal documents with the High Court in the Solomon Islands with respect to the purported cancellation of the Nendo Bauxite Project prospecting license PL 01/16 (**Prospecting License**) (ASX announcement 17 July 2018).

Solomon Islands law allows the JV to appeal against the Minister's decision to cancel the Prospecting License. That appeal is an application to the High Court of Solomon Islands by way of a claim for judicial review, seeking an order that the Minister's decision as communicated in the Minister's Letter be quashed. The JV has engaged legal counsel with previous successful experience with similar appeal cases.

The appeal process is estimated to take between six (6) and 12 months. However, in parallel to the appeal process, the Company is investigating whether opportunities for an agreed settlement are available to the JV, which may provide an earlier beneficial resolution to the situation.

Post-quarter, the Company announced the High Court of Solomon Islands has granted an interim injunction to the Company's JVC, restraining the Director of the Minerals Board and Minister from accepting any applications from, or granting any conflicting tenements to, any person other than JVC in relation to any minerals in the area described in the Nendo Bauxite prospecting license PL 01/16 (Prospecting License), pending the determination of the High Court proceedings by JVC or earlier order (ASX announcement 11 October 2018).

The High Court also directed that a Chapter 15 Conference be conducted to determine whether the proceedings should continue to a trial or be determined earlier. The Chapter 15 Conference was held before the High Court on 8 October 2018.

The High Court of the Solomon Islands has handed down its ruling regarding the Chapter 15 Conference held on 8 October 2018. The Court was satisfied that:

1. the Company's 50% owned joint venture company, Eight South Investments Pty Ltd (**JVC**) has an arguable case; and
2. the JVC is directly affected by the subject matter of the claim; and
3. there was no undue delay in making the claim; and
4. there is no other remedy that resolves the matter fully and directly.

Accordingly, the JVC's claim continues and the Court has directed that the proceeding be listed for the hearing of preliminary points of law and fact in early November 2018. No date has yet been fixed for this hearing.

The Company and JVC representatives will continue to pursue out-of-court negotiations and aggressively pursue all available options to resolve the matter for the benefit of the Company and other stakeholders and update the market with any material progress.



Figure 2 – Solomon Islands Project Locations

Pacific Bauxite's previous exploration programs at Nendo confirmed the presence of extensive, high-quality bauxitic soils. The Company has and continues to work with local communities to establish landowner consultation groups and community trusts, empowering stakeholders to be fully engaged in the exploration process. This community engagement has, and will continue to, include training and employment opportunities for local people.

To date, the Company has completed first phase reconnaissance prospecting at Nendo and 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.

Solomon Islands - 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.

AUSTRALIAN PROJECT SUMMARY

Darling Range Bauxite Project, Western Australia

The Darling Range Bauxite Project (**Darling Range**) is located in the Darling Ranges northeast of Perth, Western Australia. The Company's Acquisition of Darling Range is consistent with its 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.

Darling Range comprises two Exploration Licence Applications (ELA 70/5111) and one granted Exploration Licence (EL 70/5112 subject to an aboriginal heritage agreements), which cover a total area of 405 km² within the Darling Ranges, approximately 60 km northeast of Perth (Figure 3). The Darling Range project area hosts a JORC 2004 Inferred Mineral Resource estimate of 89.3Mt @ 41.75% total Al₂O₃ and 4.43% reactive SiO₂, inclusive of nine main resource areas over a strike of approximately 75km. See Table 2, 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 2: Published JORC (2004) compliant Mineral Resource estimate (IRM, 2011) at a cut-off of 26% Available Al₂O₃.

The tenements covering Darling Range were previously held by Pacific Bauxite (under its former name, 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 Darling Range 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.

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.

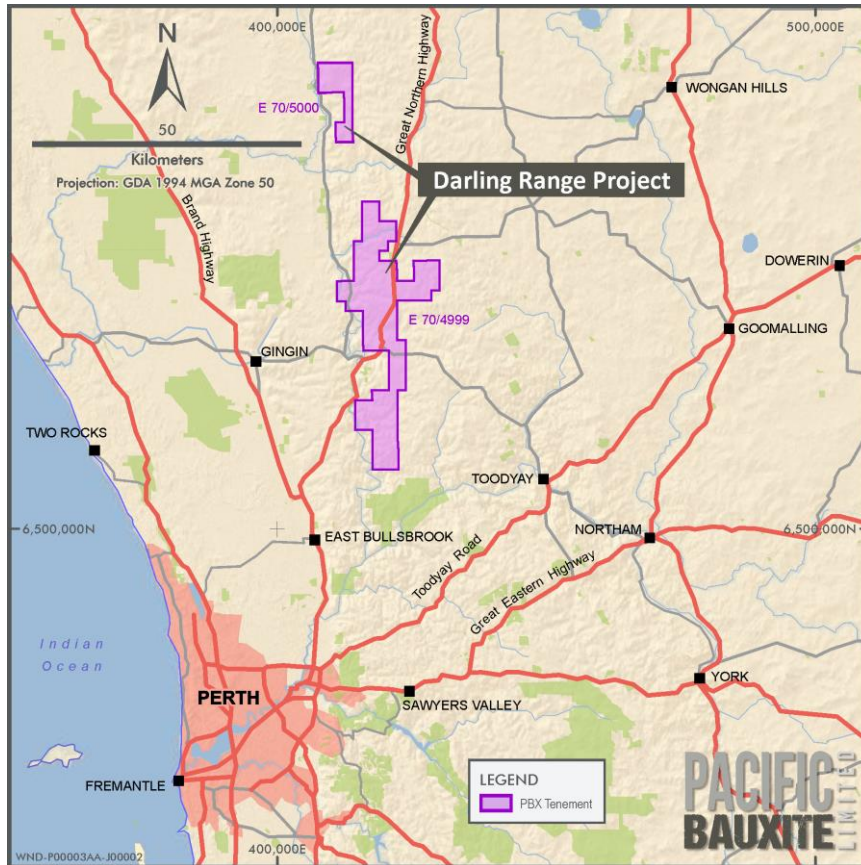


Figure 3 – Darling Range Project Location

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 Mineral 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 zones.

The Darling Range 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.

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.

31 OCTOBER 2018

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 has recently been granted federal environmental approval.

CORPORATE

Cash Position

The Company closed the September 2018 Quarter with approximately \$1,367,000 in cash.

Issue of Shares - Share Purchase Plan

On 5 July 2018, the Company completed the second tranche of its Placement, issuing 11,555,380 fully paid ordinary shares at an issue price of 2.9 cents per share, and 56,403,450 unlisted options exercisable at \$0.06 per option.

Issue of Options - Share Purchase Plan

On 22 August 2018, the Company issued 11,906,594 unlisted options exercisable at \$0.06, pursuant to the SPP Prospectus lodged on 3 August 2018 and shareholder approval obtained on 27 June 2018.

Annual Report

On 21 September 2018, the Company released its Annual Report for the period ending 30 June 2018. The Annual Report is available for download on the Company's website.

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 INTEREST IN MINING TENEMENTS
(as required by ASX Listing Rule 5.3.3)**

Mining Tenements at 30 September 2018

Location	Tenement	Name	Holder	Equity	Status	Area
Solomon Islands	PL04/17	South West New Georgia	Pacific Bauxite Ltd	50%	Granted	236 km ²
Western Australia	ELA 70/5111 EL 70/5112	Darling Range Darling Range	Pacific Bauxite Ltd Pacific Bauxite Ltd	100% 100%	Application Granted*	Total 405 km ²

*Subject to execution of an aboriginal heritage agreement.

Mining Tenements Cancelled During the Quarter

None to report.

Mining Tenements Acquired During the Quarter

EL 70/5112, previously in application was granted during the quarter. The tenement is subject to execution of an aboriginal heritage agreement.

Mining Tenements Disposed During the Quarter

None to report.