PACIFIC BAUXITE LIMITED

ABN 62 112 914 459

INTERIM FINANCIAL REPORT 2018

For the Half-Year Ended 31 December 2018

PACIFIC BAUXITE LIMITED
CORPORATE DIRECTORY

Directors

Peter Lewis
John Ciganek
Suraj Sanghani

Executive Director

Suraj Sanghani

Company Secretary

Suraj Sanghani

Registered Office

Level 3, 33 Ord Street
West Perth WA 6005
Phone: (08) 9481 4478
Fax: (08) 9486 4833

Head Office

Level 3, 33 Ord Street
West Perth WA 6005

Auditors

Rothsay Chartered Accountants
Level 1, Lincoln House
4 Ventnor Avenue
West Perth WA 6005

Legal Advisors

Steinepreis Paganin
Level 4
The Read Buildings
16 Milligan Street,
Perth Western Australia 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 11 172 St Georges Terrace
Perth WA 6000

Website Address

www.pacificbauxite.com.au

Email

info@pacificbauxite.com.au

Country of Incorporation

Pacific Bauxite Limited is domiciled and incorporated in Australia

Stock Exchange Listing

Pacific Bauxite Limited is listed on the Australian Securities Exchange
(ASX Code: PBX)

CONTENTS

The directors of Pacific Bauxite Limited ("**Pacific Bauxite**" or "**Company**") submit their report for the half year ended 31 December 2018.

DIRECTORS

The directors that held office during the whole of the half year (unless otherwise stated) and up to the date of this report were:

Peter Lewis – Non-Executive Chairman
John Ciganek – Non-Executive Director[1]
Brett Smith – (Resigned 29 November 2018)
Pippa Coppin – (Resigned 29 November 2018)
Suraj Sanghani – (Appointed 29 November 2018)

[1] Effective 29 November 2018, Mr Ciganek transitioned from his role as Non-Executive Chairman to Non-Executive Director.

REVIEW AND RESULTS OF OPERATIONS

The principal activity of the entity during the course of the financial period was mineral exploration. A summary of the revenues and results for the half year is set out below.

The net loss of the entity for the half year after tax was $1,385,961 (2017: loss of $1,745,972) with total revenues of $20,938 (2017: $74,710). Major costs were administration $414,996 (2017: $187,153), employment costs of $266,937 (2017: $221,096) and the Group's share of the losses of its associate $303,049 (2017: losses $453,695).

PROJECT REVIEW

SOLOMON ISLANDS

Nendo Bauxite Project

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 kilometres by 2 kilometres.

On 6 June 2018, the Company advised it had unexpectedly received 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 joint venture company, Eight South Pty Ltd (**JVC**), in respect of the Solomon Islands Nendo Bauxite Project was cancelled (**Minister's Letter**) (ASX announcement 6 June 2018).

In accordance with the requirements of the Minister's Letter, exploration and project work at Nendo was immediately suspended.

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.

Pacific Bauxite's previous exploration programs at Nendo confirmed the presence of extensive, high-quality bauxitic soils. 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.

Figure 1 – Solomon Islands Project Locations

Minister's decision appealed

During the September quarter, the Company, through its JVC, formally submitted its appeal documents with the High Court of the Solomon Islands (**High Court**) with respect to the purported cancelation of the Nendo 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 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 JVC has engaged legal counsel with previous successful experience with similar appeal cases.

In the December quarter, the Company announced that the High Court granted an interim injunction to the 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 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, during which the High Court ruled it was satisfied that:

1. the JVC 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 continued, and the High Court directed that the proceeding be listed for the hearing of preliminary points of law and fact in early November 2018.

On 23 November 2018, the High Court heard an application for the determination of issues pursuant to r.12.11 of the Court Rules. The JVC is the Claimant in those proceedings. There were 6 issues for the determination by the Court, the primary issue being whether or not the Minister acted *ultra vires* in cancelling Prospecting Licence PL 01/16 (ASX Announcement 27 November 2018).

If the JVC is successful in one of the six issues, it has sought:

1. a declaration that the cancellation of PL 01/16 by the Minister was *ultra vires*;
2. alternatively, an order quashing the Minister's decision to cancel PL 01/16;

3. a declaration that PL 01/16 is valid; and
4. an order that the Defendants pay the Claimant's costs, including reserved costs, with certification for overseas Counsel.

If those orders are made, proceedings will be concluded, with the effective return of PL 01/16 to JVC. If the JVC is unsuccessful, the proceedings will continue. The JVC can also consider appealing the ruling.

The Court has reserved its decision and is required to hand its decision down in the near term. The interim injunction granted to the 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 the JVC in relation to any minerals in the area described in PL 01/16, pending the determination of the High Court proceedings by JVC or earlier order, continues.

The Company and JVC representatives are continuing 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 will continue to update the market with any material progress.

South West New Georgia Bauxite Project

To date, the Company's exploration at the South West New Georgia Bauxite Project (**SWNG**) in the Western Province of the Solomon Islands has resulted in the definition of large areas of high-tenor bauxitic soils, grading +40% alumina (Al_2O_3). Based on these results, the Company believes there is good potential for the definition of 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, suitable for the supply of sea-borne bauxite into China, greater Asia and the Middle East.

The SWNG prospecting license covers an area of 236 kilometres² and targets bauxitic clays on uplifted limestone reef (averaging more than 100 metres above sea level). Much of the tenure at SWNG appears unexplored, and represents a significant exploration opportunity. The area to be explored within the Prospecting Licence is three times the area being targeted at Nendo and represents a significant exploration opportunity for the Company.

SWNG is nearby to existing beneficial infrastructure offering significant infrastructure advantages for any future export mining operations, including a deep-water port and township.

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 drilling campaign 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 Al_2O_3 and 5% to 10% total SiO_2.

Results from the Company's past 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.

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.

The Company is currently assessing its SWNG strategy, which may include further exploration at new prospects identified by Pacific Bauxite.

SWNG Exploration Target

High grade Al_2O_3 and lower silica content identified the Kindu and Dunde prospects (Figure 2), 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% Al_2O_3 (alumina) and 9.5% - 11.8% SiO_2 (silica) (Table 1) has been estimated, and both targets are now the priority focus for the Company's Resource definition work.

Tonnes		Total Al_2O_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 Dunde Prospects

(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.

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). 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.

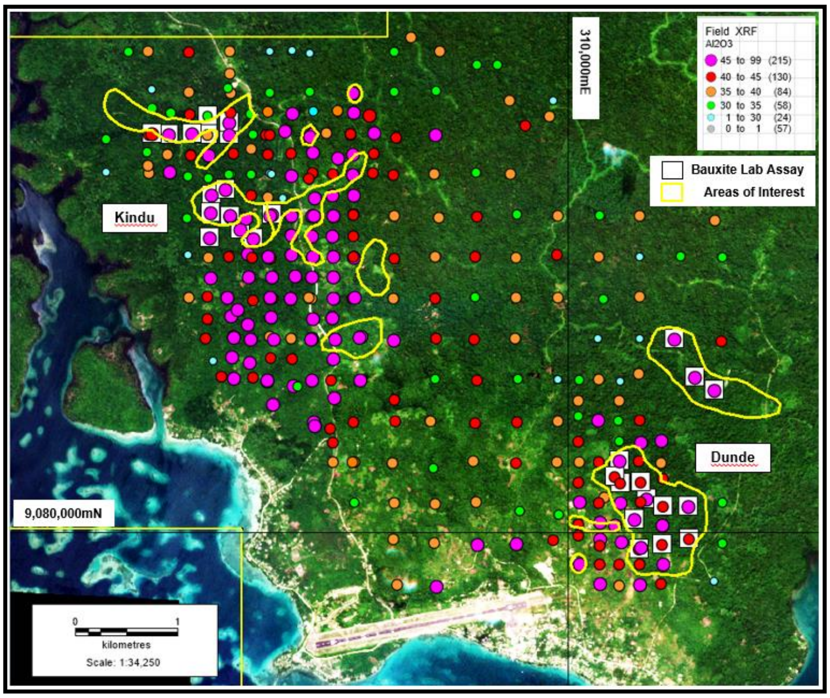

Figure 2 – Satellite Imagery of SNWG (southern area), including auger drilling locations, colour coded with grade ranges from field hand-held XRF Al_2O_3 results, samples submitted for laboratory analysis (white squares) and areas of interest pertaining to the current Exploration Target (yellow polygons).

Under the terms of the grant of the Prospecting Licence it is also a requirement to undertake community welfare projects in the areas of exploration. The Company will endeavor to provide nominal investments in community-focused programs so satisfy this requirement.

AUSTRALIA

Darling Ranges 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 km^2 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 Al_2O_3 and 4.43% reactive SiO_2, 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_2O_3 %	Available Al_2O_3 %	Reactive SiO_2%	LOI %
Total Inferred Resource	89.3	41.75	28.51	4.43	19.21

Table 2: Published JORC (2004) compliant resource estimate (IRM, 2011) at a cut-off of 26% Available Al_2O_3.

Pacific Bauxite previously held the tenements covering the Project 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), which subsequently surrendered its tenure in June 2017.

Given the Company's previous exposure and understanding of Darling Range, 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.

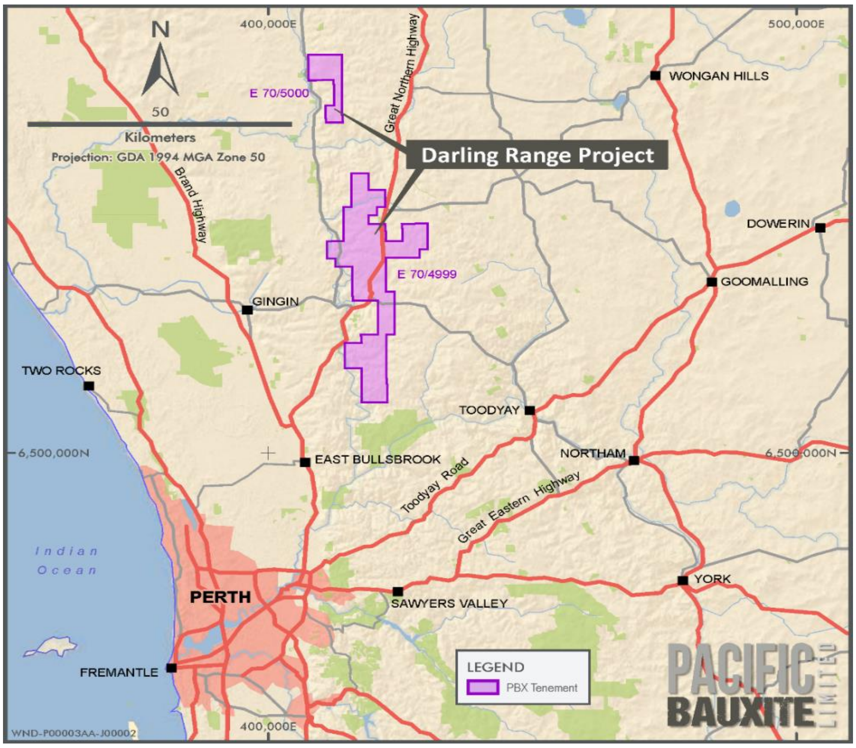

Figure 3: Darling Range Project Location

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 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.

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.

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled or reviewed by Mr. Matt Bull, who is a consultant to Pacific Bauxite Ltd. Mr. Bull is a member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore reserves. Mr. Bull consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CORPORATE

Board Restructure

On 29 November 2018, Mr Suraj Sanghani was appointed Executive Director of the Company. On the same day Mr Brett Smith and Ms Pippa Coppin resigned as Non-Executive Directors of the Company. In addition, Mr Peter Lewis's role changed from Non-Executive Director to Non-Executive Chairman and Mr John Ciganek's role changed from Non-Executive Chairman to Non-Executive Director.

Placement Issue of Shares

Following its announcement in 4 May 2018, the Company completed a placement of $2,401,400 in two separate tranches at an issue price of $0.029 per share (**Second Placement**), as follows:

- first tranche of the Second Placement for $2,066,207:
    - 42,349,104 shares issued to sophisticated investors under the Company's Listing Rule 7.1 capacity (issued 11 May 2018); and
    - 28,899,403 shares issued to sophisticated investors under the Company's Listing Rule 7.1A capacity (issued 11 May 2018),

    being a total of 71,248,507 shares (**Tranche 1 Second Placement**); and
- second tranche of the Second Placement for $335,193:
    - 5,738,390 shares issued to sophisticated investors (issued 5 July 2018); and
    - 5,820,000 shares issued to directors (issued 5 July 2018),

    being a total of 11,558,390 shares (**Tranche 2 Second Placement**).

On 5 July 2018, the Company completed the Tranche 2 Second Placement with the issue of 11,558,380 fully paid ordinary shares and 56,403,450 unlisted options exercisable at $0.06 per option exercisable on or before 25 June 2021.

Share Purchase Plan

During May 2018, Company invited eligible Shareholders to apply for up to $15,000 worth of shares in the Company, at $0.029 per share to raise up to $1,000,000 pursuant to a share purchase plan (**SPP**). Participants in the SPP were entitled to apply, under a separate offer, for 1 unlisted option for every 2 shares that they applied for to be issued under the SPP, such that they were participating on the same terms as participants in the Second Placement. The SPP closed on 21 May 2018, with a total of $690,580 raised from existing eligible shareholders who applied for 23,813,105 shares (issued 25 May 2018). On 22 August 2018 the Company issued 11,906,594 unlisted options exercisable at $0.06 exercisable on or before 25 June 2021 under the SPP.

Results of Annual General Meeting

The Company held its Annual General Meeting of Shareholders on 30 November 2018 and all resolutions put to the meeting were passed unanimously.

Events occurring after the reporting date

There are no matters or circumstances that have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in the future financial years.

Auditor's Independence Declaration

The auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2018 has been received and is set out on page 8.

Signed in accordance with a resolution of Directors and on behalf of the Directors by:

Peter Lewis
Non-Executive Chairman
15 March 2019
Perth, Western Australia

ROTHSAY
Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

The Directors
Pacific Bauxite Ltd
Level 3
33 Ord Street
West Perth WA 6005

Directors

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2018 interim financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham R Swan FCA (Lead auditor)

Rothsay Auditing

Dated 15 March 2019

PACIFIC BAUXITE LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the half-year ended 31 December 2018

	Notes	31-Dec-2018 $	31-Dec-2017 $
Revenue from continuing operations	3	10,524	6,423
Other Revenue	3	10,414	68,287
Administration		(414,996)	(187,153)
Exploration costs		(110,454)	(43,153)
Depreciation		(16,413)	(8,195)
Employment costs		(266,937)	(221,096)
Impairment of loan to associate		(598,099)	(907,390)
Impairment of investment in associate	6	303,049	-
Share of net loss of associate	6	(303,049)	(453,695)
(Loss) before income tax		(1,385,961)	(1,745,972)
Income tax expense		-	-
(Loss) from the half year		(1,385,961)	(1,745,972)
Profit is attributable to:			
Owners of Pacific Bauxite Limited		(1,385,961)	(1,745,972)
Other comprehensive income		-	-
Total comprehensive (loss) for the half year		(1,385,961)	(1,745,972)
Basic (loss) per share (cents per share)		(0.35)	(0.70)
Diluted (loss) per share (cents per share)		(0.35)	(0.70)

The above interim consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

PACIFIC BAUXITE LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Notes	31-Dec-2018 $	30-Jun-2018 $
CURRENT ASSETS			
Cash and Cash Equivalents		892,037	2,062,108
Restricted Cash		-	207,930
Trade and Other Receivables		42,577	230,739
TOTAL CURRENT ASSETS		934,614	2,500,777
NON-CURRENT ASSETS			
Property, Plant and Equipment		134,991	145,258
Investment accounted for using the equity method	6	-	-
TOTAL NON-CURRENT ASSETS		134,991	145,258
TOTAL ASSETS		1,069,605	2,646,035
CURRENT LIABILITIES			
Trade and Other Payables		70,636	269,660
Provisions		71,311	53,967
TOTAL CURRENT LIABILITIES		141,947	323,627
NON-CURRENT LIABILITIES			
Trade and Other Payables		16,756	25,545
TOTAL NON-CURRENT LIABILITIES		16,756	25,545
TOTAL LIABILITIES		158,703	349,172
NET ASSETS		910,902	2,296,863
EQUITY			
Contributed Equity	4	20,181,348	19,846,155
Reserves		1,624,540	1,959,733
Accumulated Losses		(20,894,986)	(19,509,025)
TOTAL EQUITY		910,902	2,296,863

The above interim consolidated statement of financial position should be read in conjunction with the accompanying notes.

PACIFIC BAUXITE LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 31 December 2018

2018	Contributed Equity $	Accumulated Losses $	Unissued Capital Reserve $	Option Reserve $	Total $
Balance as at 1 July 2018	19,846,155	(19,509,025)	335,193	1,624,540	2,296,863
Total comprehensive loss for the half year					
Loss for the half year	-	(1,385,961)	-	-	(1,385,961)
Total comprehensive loss for the year	-	(1,385,961)	-	-	(1,385,961)
Transactions with equity holders in their capacity as equity holders					
Issue of shares – Placement	335,193	-	(335,193)	-	-
Balance as at 31 December 2018	20,181,348	(20,894,986)	-	1,624,540	910,902

2017	Contributed Equity $	Accumulated Losses $	Unissued Capital Reserve $	Option Reserve $	Total $
Balance as at 1 July 2017	14,729,880	(15,318,314)	-	1,490,422	901,988
Total comprehensive loss for the half year					
Loss for the half year	-	(1,745,972)	-	-	(1,745,972)
Total comprehensive loss for the year	-	(1,745,972)	-	-	(1,745,972)
Transactions with equity holders in their capacity as equity holders					
Issue of shares – Placement	1,900,000	-	-	-	1,900,000
Issue of shares – acquisition of associate	800,000	-	-	-	800,000
Issue of shares – exercise of options	30,000	-	-	-	30,000
Share issue costs	(106,740)	-	-	-	(106,740)
Balance as at 31 December 2017	17,353,140	(17,064,286)	-	1,490,422	1,779,276

The above interim consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

PACIFIC BAUXITE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 31 December 2018

	31-Dec-2018 $	31-Dec-2017 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	8,736	6,423
Receipt from bankrupt trustees for debt recovery	-	47,990
Interest received	6,994	4,844
Payments for exploration and evaluation	(947,633)	(986,208)
Payment to suppliers and employees	(484,640)	(382,262)
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	(1,416,543)	(1,309,213)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(6,145)	(88,737)
Proceeds from sale of available for sale financial asset	-	17,101
Proceeds from sale of property, plant and equipment	-	-
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES	(6,145)	(71,636)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of capital	335,193	1,823,260
Payment for share issue costs	(74,256)	-
Payments for finance lease	(8,320)	-
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES	252,617	1,823,260
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,170,071)	442,411
Cash and cash equivalents at the beginning of half year	2,062,108	455,324
CASH AND CASH EQUIVALENTS AT END OF HALF YEAR	892,037	897,735

The above interim consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Basis of Preparation

These condensed interim financial reports for the half-year reporting period ended 31 December 2018 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with *AASB 134* ensures compliance with International Financial Reporting Standard IAS 134 *Interim Financial Reporting*.

These interim financial reports do not include all the notes of the type normally included in annual financial reports. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the entity during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Going concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Company has incurred net losses after tax of $1,385,961 (2017: $1,745,972) and net cash outflows from operating activities of $1,416,543 (2017: $1,309,213) for the period ending 31 December 2018. The cash balance as at 31 December 2018 was $892,037 (30 June 2018: $2,062,108).

The Directors have undertaken a review of the Company's mining tenements and operating structure; they have concluded that a capital raising may need to be undertaken in order to continue the exploration and development of the Company's mining tenements, so as to achieve a position where they can prove exploration reserves.

Should future capital raising and/or asset sales be insufficient to meet the budgeted operational activities of the Company, then the going concern basis of accounting may not be appropriate with the result that the Company may have to realise its assets and extinguish its liabilities other than in the normal course of business and in amounts different from that stated in the financial statements.

These financial statements do not include any adjustments relating to the recoverability or classification of recorded amounts that might be necessary should Pacific Bauxite Ltd not be able to continue as a going concern.

New accounting standards and interpretations

Standards and Interpretations applicable to 31 December 2018

In the half-year ended 31 December 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the *AASB* that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2018. As a result of this review, the Directors have applied all new and amended Standards and Interpretations that were effective as at 1 July 2018 including:

AASB 9 Financial Instruments (AASB 9)

The Group has adopted AASB 9 as issued in July 2014 with the date of initial application being 1 July 2018. In accordance with the transitional provisions in AASB 9, comparative figures have not been restated. AASB 9 replaces AASB *39 Financial Instruments: Recognition and Measurement* (**AASB 39**), bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The accounting policies have been updated to reflect the application of AASB 9 for the period from 1 July 2018 (see note below for details of the new accounting policy for receivables).

Measurement and classification
Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss (**FVPL**), amortised cost, or fair value through other comprehensive income (**FVOCI**). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The SPPI test is applied to the entire financial asset, even if it contains an embedded derivative. Consequently, a derivative embedded in a debt instrument is not accounted for separately.

At the date of initial application, existing financial assets and liabilities of the Group were assessed in terms of the requirements of AASB 9. The assessment was conducted on instruments that had not been derecognised as at 1 July 2018. In this regard, the Group has determined that the adoption of AASB 9 has impacted the classification of financial instruments at 1 July 2018 as follows:

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB139 (prior to 1 July 2018)	New measurement category under AASB 9 (from 1 July 2018)
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liabilities at amortised cost

Impairment of financial assets
In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss (**ECL**) if the credit risk on the instrument has increased significantly since initial recognition. On the other hand, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

As at 1 July 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information. In accordance with AASB 9, where the directors concluded that it would require undue cost and effort to determine the credit risk of a financial asset on initial recognition, the Group recognises lifetime ECL. The result of the assessment is as follows:

Items existing as at 1 July 2018 that are subject to the impairment provisions of AASB 9	Credit risk attributes	Cumulative additional loss allowance recognised on 1 July 2018 $'000:
Cash and cash equivalents and deposits	All bank balances are assessed to have low credit risk as they are held with a reputable financial institution with a Moody's Credit Rating of AA3 (stable).	-

AASB 15 Revenue from Contracts with Customers (AASB 15)

The Group has adopted AASB 15 as issued in May 2014 with the date of initial application being 1 July 2018. In accordance with the transitional provisions in AASB 15 the standard has been applied using the full retrospective approach.

AASB 15 supersedes AASB 18 Revenue, AASB 111 Construction Contracts and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

At 1 July 2017 and at 1 July 2018 it was determined that the adoption of AASB 15 had no impact on the Group.

Standards and Interpretations in issue not yet adopted applicable to 31 December 2018
The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2019. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Company and therefore no material change is necessary to Group accounting policies.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards with the exception of the following:

Trade and other receivables (new policy applied from 1 July 2018 due to adoption of AASB 9)

Trade receivables are initially recognised at their transaction price and other receivables at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss.

The group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises the lifetime expected credit loss for trade receivables carried at amortised cost. The expected credit losses on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast conditions at the reporting date.

For all other receivables measured at amortised cost, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to expected credit losses within the next 12 months.

The Group considers an event of default has occurred when a financial asset is more than 120 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

Significant accounting judgments and key estimates

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

In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2018.

2. Segment Reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and to assess its performance.

Management treats the Australian operations and the Solomon Island operations as a separate operating segment and are reported on as such. The analysis of the location of total assets is as follows:

	31-Dec-18 $	30-Jun-18 $
Solomon Islands	-	-
Australia	1,069,605	2,646,035
Balance at the end of the half year	1,069,605	2,646,035

3. Revenue

	31-Dec-2018 $	31-Dec-2017 $
From Continuing Activities		
Sales Revenue – Recharging of administration expenses to a Director related entity	10,524	6,423
	10,524	6,423
Other Revenue		
Interest received	8,948	6,306
Gain on sale of Assets held for sale	-	13,991
Recovery of legal fees	-	47,990
Miscellaneous income	1,466	-
	10,414	68,287

4. Contributed Equity

	31-Dec-2018 Shares	30-Jun-2018 Shares	31-Dec-2018 $	30-Jun-2018 $
(a) Share Capital				
Ordinary Shares				
Fully Paid	396,614,034	385,055,644	20,181,348	19,846,155
	396,614,034	385,055,644	20,181,348	19,846,155

(b) Movements in ordinary capital

		Number of shares	Issue Price $
1 July 2018	Opening balance	385,055,644	19,846,155
5 July 2018	Shares issued pursuant to a Placement (i)	11,558,390	335,193
31 December 2018	Closing balance	396,614,034	20,181,348

(i) On 5 July 2018, Pacific Bauxite complete a capital raising for $335,193 (before costs) for shares at an issue price of $0.029 per share to advance the Company's high-grade DSO-prospective projects in the Solomon Islands (**Placement**).

5. Commitments and Contingencies

The Company entered into an operating lease for the use of its office space located at Level 3, 33 Ord Street, West Perth, Western Australia. The lease term is for the period 1 December 2018 – 30 November 2019 with an option for an additional 12 months on terms to be agreed.

	31-Dec-18 $	30-Jun-18 $
Within one year	11,000	16,665
After one year but not more than five years	-	-
More than five years	-	-
Closing balance	11,000	16,665

There are no material contingent liabilities since the last reporting date.

6. Investment in Associates

As detailed in the Company's 30 June 2017 Annual Report, Pacific Bauxite previously exercised its option to acquire 50% of Eight South Investments Pty Ltd (previously named AU Capital Mining Pty Ltd) (**Eight South**). Consideration included an initial 20,000,000 shares (issued during the year ended 30 June 2017), with a further 20,000,000 shares to be issued in 12 months' time or first shipment of bauxite, whichever comes first.

During the year ended 30 June 2018, following receipt of approval of shareholders at the Company's General Meeting held 18 August 2017, the Company completed its acquisition of 50% of Eight South via the issue of the second tranche 20,000,000 consideration shares, which were allotted on 27 September 2017.

The investment in Eight South is held in Pacific Bauxite's wholly owned subsidiary. A summary of the carrying value of the Group's investment in Eight South is below.

	31-Dec-2018 $	30-Jun-18 $
Balance at the beginning of the period	-	889,487
Shares issued during the period	-	800,000
Minus: Deferred considered recorded in prior period	-	(340,000)
Share of losses of associates	(303,049)	(889,504)
Impairment of associate	303,049	(459,983)
Balance at the end of the period	-	-

7. Related Party Disclosure

The Company recharged office expenditure to Corazon Mining Ltd, a Director-related entity of Mr. Brett Smith. This amounted to $Nil (2017: $952). All amounts recharged had been paid as at 31 December 2018.

The Company recharged office expenditure to Topaz Corporate Pty Ltd, a Director-related entity of Mr. Brett Smith. This amounted to $10,524 (2017: $5,471). An amount of $816 was a receivable as at 31 December 2018.

On the 29 November 2018 Mr Suraj Sanghani's role changed to Executive Director and his remuneration remained unchanged from $150,000pa plus superannuation.

On the 29 November 2018 Mr Peter Lewis's role changed from Non-Executive Director to Non-Executive Chairman. Mr Lewis's remuneration increased from $52,560 per annum (incl. GST) to $71,175 per annum (incl. GST) effective 1 December 2018. The amount owing to Mr Lewis at 31 December 2018 was $3,431.25.

On the 29 November 2018 Mr John Ciganek's role changed from Non-Executive Chairman to Non-Executive Director. Mr Ciganek's remuneration decreased from $71,175 per annum (incl. GST) to $52,560 per annum (incl. GST) effective 1 December 2018. The amount owing to Mr Ciganek at 31 December 2018 was $1,880.

9. Events occurring after the reporting date

There are no matters or circumstances that have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in the future financial years.

10. Financial Instruments

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 31 December 2018:

		Fair value	
	At amortised cost	**Through profit and loss**	**Through other comprehensive income**
	$	**$**	**$**
Financial assets			
Trade and other receivables	42,577	-	-
Total current	42,577	-	-
Total assets	42,577	-	-
Financial liabilities			
Trade and other payables	70,636	-	-
Total current	70,636	-	-
Trade and other payables	16,756	-	-
Total non-current	16,756	-	-
Total liabilities	87,392	-	-

Set out below is a comparison of the carrying amount and fair values of financial instruments as at 31 December 2018:

	Carrying amount $	Fair value $
Financial assets		
Trade and other receivables	42,577	42,577
Total current	42,577	42,577
Total assets	42,577	42,577
Financial liabilities		
Trade and other payables	70,636	70,636
Total current	70,636	70,636
Trade and other payables	16,756	16,756
Total non-current	16,756	16,756
Total liabilities	87,392	87,392

PACIFIC BAUXITE LIMITED
DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 9 to 19 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

   (ii) giving a true and fair view of the Entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and signed on behalf of the board by:

Peter Lewis
Non-Executive Chairman
15 March 2019
Perth, Western Australia

ROTHSAY
Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

Independent Review Report to the Members of Pacific Bauxite Limited

The financial report and directors' responsibility
The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Pacific Bauxite Limited for the half-year ended 31 December 2018.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach
We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2018 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Pacific Bauxite Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence
In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of Pacific Bauxite Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 31 December 2018 and of the performance for the half-year ended on that date; and

- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay

Rothsay Auditing

GR Swan

Graham R Swan FCA
Partner

Dated 15 March 2019

CHARTERED ACCOUNTANTS™
AUSTRALIA + NEW ZEALAND