PACIFIC BAUXITE LIMITED

ABN 62 112 914 459

ANNUAL REPORT

**For the year ended
30 June 2019**

PACIFIC BAUXITE LIMITED
CORPORATE DIRECTORY

Directors

Peter Lewis
Craig Smith
Campbell McKenzie

Company Secretary

Melissa Chapman
Catherine Grant-Edwards

Registered Office

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Head Office

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West Perth WA 6005

Auditors

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Legal Advisors

Steinepreis Paganin
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The Read Buildings
16 Milligan Street
Perth WA 6000

Share Registry

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

Website Address

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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)

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CHAIRMAN'S LETTER TO SHAREHOLDER

Dear Shareholders,

It is my pleasure to present you with the review of Pacific Bauxite Limited's (ASX: PBX) (**Company**) operations for the year ended June 30 2019. During this period, the Company successfully focused its resources on progressing the legal issues concerning the Nendo Bauxite Project (**Nendo**) in the Solomon Islands. The Company also continued to refine its strategy of acquiring and developing high-value, low-cost direct shipping ore (**DSO**) bauxite assets in targeted jurisdictions, to take advantage of a forecast near term growth in global bauxite demand.

Existing global bauxite supplies, together with planned developments, are expected to satisfy global demands until approximately 2020, after which new projects will be required to meet the predicted demand, with an anticipated supply deficit of more than 25 million tonnes by 2025 and over 50 million tonnes by 2030.

The Company's Nendo Bauxite Project (**Nendo**) (Solomon Islands) has demonstrated extensive areas of potentially high-grade DSO bauxite mineralisation. While much of Nendo remains unexplored, the Company has delineated an initial priority target area of approximately 12 km by 2 km.

After the extensive appeal process (which commenced in June 2018) against the cancellation of the Nendo prospecting license PL 01/16, the Company was pleased to recently announce that the Registrar has confirmed there is no appeal currently on foot. As such, the Company, through its joint venture company, Eight South Investments Pty Ltd, is pursuing the extension or renewal of the term of PL 01/16.

The suspension of Nendo's operations provided the opportunity to shift attention to its South West New Georgia Bauxite Project (**SWNG**) (Solomon Islands), where the Company has defined a large initial Exploration Target* for SWNG of **5.92Mt – 10.05Mt @ 41.0% – 48.0% Al_2O_3 (alumina) and 9.5% - 11.8% SiO_2 (silica)**, as well as sizable areas of high-tenor bauxitic soils, grading +40% Al_2O_3, with characteristics suitable for DSO quality bauxite.

The Company has received overwhelming, widespread local support for its proposed prospecting activities at SWNG, and is currently assessing its SWNG strategy, which may include further exploration at new prospects identified by Pacific Bauxite.

Bauxite in the Solomon Islands is predominantly of the favoured gibbsite type of mineralisation. Exploration activity for this style of bauxite deposits has increased significantly in recent years, largely due to the increase in demand for bauxite to feed growing alumina demand in China and the Asia-Pacific region. Enormous scope remains to explore for and validate historically reported occurrences of bauxite in the Solomon Islands, with a view to establishing premium grade DSO bauxite operations for export into the Asian market.

In closing, I would like to thank our Shareholders for their continued support during a challenging period in our bauxite exploration history in the Solomon Islands. The board and management team are looking forward to an exciting new period of exploration discoveries, and expansion of the Company's project portfolio.

Peter Lewis
Chairman
Pacific Bauxite Ltd
26 September 2019

**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.*

REVIEW OF OPERATIONS

Pacific Bauxite Limited (ASX: IRM) (**Pacific Bauxite** or **Company**) is pleased to present a review of its operations for the period ended 30 June 2019.

Throughout the year, the Company predominantly focused its resources towards progressing its legal proceedings regarding the Nendo Bauxite Project (**Nendo**) Prospecting license PL 01/16 (**Prospecting License**), in the Solomon Islands, held by its 50% owned Joint Venture Company, Eight South Investments Pty Ltd (**JVC**). The Company also worked towards vending its residual interests in milestone payments and royalties from its Australian assets (the Mt Richardson, Rogetta and Golden Camel projects), and post year-end was pleased to announce it has entered into a binding agreement with Maincoast Pty Ltd for a consideration of A$100,000.

Nendo has demonstrated extensive areas of potentially high-grade direct shipping ore (**DSO**) bauxite mineralisation (ASX announcement 27 September 2016) and, while much of Nendo remains unexplored, the Company has delineated an initial priority target area of approximately 12 km by 2 km.

In June 2018, shortly following the commencement of new-phase exploration at Nendo, the Company received a letter from the Solomon Islands' Minister of Mines, Energy and Rural Electrification (**Minister**), advising that prospecting license over Nendo, held by its 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 Company is strongly of the view that the Minister's grounds for cancellation, including unsatisfactory level of prospecting at Nendo and failure to establish amicable relations with the local communities, are factually incorrect and unjustified.

The Company appealed against the cancellation of PL 01/16 and post year-end was pleased to announce the Registrar has now confirmed that there is no appeal currently on foot; as such, the JVC is pursuing the extension or renewal of the term of PL 01/16.

The suspension of operations at Nendo enabled the Company to re-deploy personnel and equipment to its South West New Georgia Bauxite Project (**SWNG**) in the Solomon Islands, which is unaffected by the situation at Nendo.

Large areas of high-tenor bauxitic soils, grading +40% alumina (Al_2O_3) with characteristics suitable for DSO quality bauxite have been defined at SWNG. The Company's strategies for SWNG are focused on identifying DSO quality mineralisation of between 5.9 Mt and 10.0 Mt upon which resource studies and subsequent mining lease applications can be based.

Bauxite in the Solomon Islands is predominantly of the favoured gibbsite (low-temperature, trihydrate) type of mineralisation. Exploration activity for this style of bauxite deposits has increased significantly in recent years, largely due to the increase in demand for bauxite to feed growing alumina demand in China and the Asia-Pacific region.

Enormous scope remains to explore for and validate historically reported occurrences of bauxite in the Solomon Islands, with a view to establishing premium grade DSO bauxite operations for export into the Asian market.

EXPLORATION: 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 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 Investments Pty

Ltd (**JVC**), in respect of the Nendo project was cancelled (**Minister's Letter**) (ASX announcement 6 June 2018).

In accordance with the requirements of the Minister's Letter, 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.

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

Court Proceedings

On 23 November 2018, the High Court of Solomon Islands (**Court**) heard an application for the determination of issues pursuant to r.12.11 of the Court Rules (ASX Announcement 26 November 2018). The JVC is the Claimant in those proceedings. The Court reserved its decision and was required to hand its decision down within three months.

The Court subsequently sought additional material regarding the application and heard further submissions from the parties regarding the effects of that additional information (ASX Announcement 18 March 2019).

On 5 April 2019, the Court delivered its ruling in relation to the proceedings commenced by the JVC (ASX Announcement 9 April 2019). The Court ordered that:

1. The Minister's decision to cancel PL 01/16 by letter dated 24 May 2018 was beyond power, quashed, and declared null and void.
2. PL 01/16 was valid as at 24 May 2018.

3. The Minerals Board is to decide on the cancellation of PL 01/16 and whether there was a breach of the Act, Regulation or license conditions.
4. Costs against the Defendants, being the Minister and the Director of Mines, including reserved costs, with certification for overseas Counsel, are to be assessed.

The parties were granted 30 days from 5 April 2019 within which to file any appeals.

On 10 May 2019, the Attorney General of the Solomon Islands (on behalf of the Minister, the Director of Mines and the Mines and Minerals Board) filed and served a Notice of Appeal with the Solomon Islands Court of Appeal (ASX Announcement 10 May 2019). The Notice of Appeal seeks to appeal both the interlocutory and final rulings (delivered respectively on the 19 October 2018 and 5 April 2019) by the High Court of the Solomon Islands (for further information on the final ruling, please refer to ASX Announcement 10 May 2019).

The *Court of Appeal Rules* provides that in the event of non-compliance with the timeframe for filing a Notice of Appeal, all proceedings in the appeal shall be stayed, unless the Court shall otherwise order and that the appeal shall be listed for the next sessions of the Court for a formal order of dismissal.

The Notice of Appeal was filed on 7 May 2019 - outside of the timeframe for filing a Notice of Appeal. No application to extend time or for leave to appeal the interlocutory ruling was served. No order was made varying the stay provided by the *Court of Appeal Rules*. As such, the timeframe for the JVC to file its notice of contentions had not commenced, and the JVC requested that the Registrar list the Attorney General's appeal for the next sessions of the Court for a formal order of dismissal.

Post year-end update

On 5 September 2019, the Company was pleased to provide an update on the court proceedings. The JVC has now received a letter from the Registrar of the High Court and Court of Appeal of the Solomon Islands confirming that the Attorney General's Notice of Appeal was filed out of time. If the Attorney General wished to further pursue an appeal, he would be first required to bring an application to obtain the leave of the High Court to apply to extend the period for lodging a Notice of Appeal and only then if successful could he again apply to the High Court for leave to bring such an appeal.

Accordingly, there is no appeal currently on foot or any extension of time to appeal the High Court's decision (ASX Announcement 9 April 2019).

Prior to the expiry of PL 01/16, the JVC took steps to extend or, alternatively, to renew the term of PL 01/16. Those matters were not determined, pending the outcome of the proceedings before the High Court and subsequent attempted appeal.

As the Registrar has now confirmed that there is no appeal currently on foot, the JVCs will pursue the extension or renewal of the term of PL 01/16.

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 West Rennell Island, 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 kilometres^2 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 License 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 License 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 License 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.

Initial Exploration Target Defined, Potential for DSO-Quality Bauxite Confirmed

To date, the Company has identified three distinct high-grade bauxite targets, each returning peak results of between 55% and 57% Al_2O_3 (ASX announcements 8 August and 7 September 2017).

High grade Al_2O_3 and lower silica content have been identified the Kindu and Dunde prospects (Figure 2), located in the southern part of the SWNG Prospecting License, 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.*

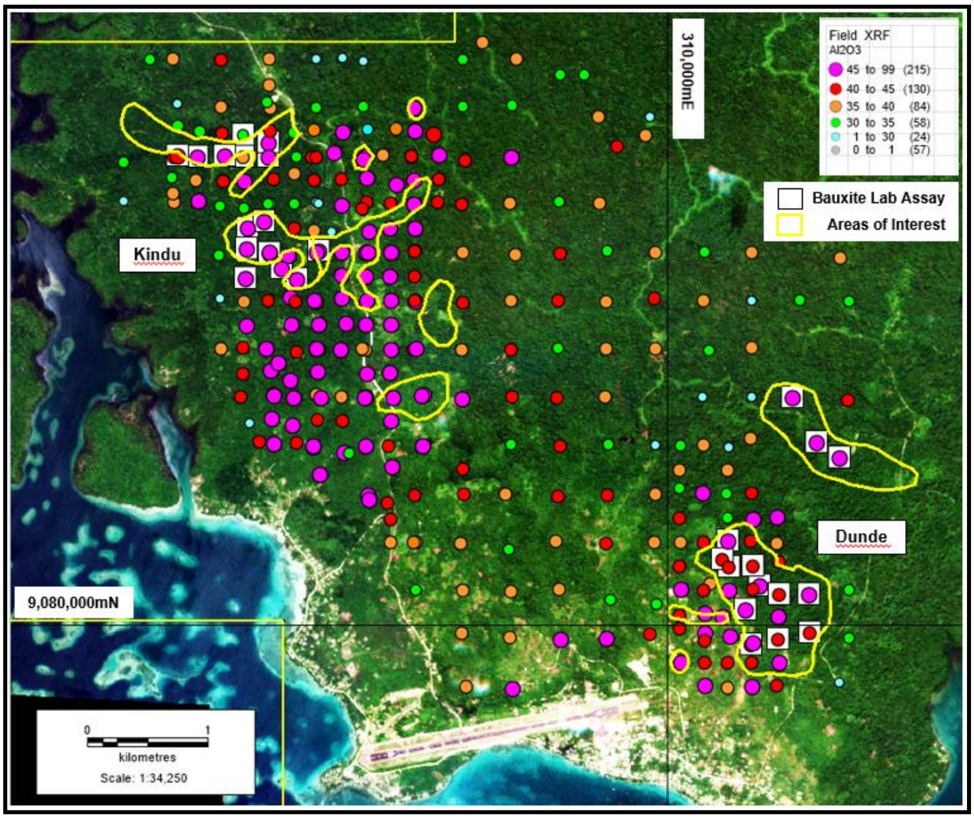

Figure 2 – Satellite Imagery of SNWG (southern area), including auger drilling locations, colour coded with grade ranges from field hand-held XRF Al_2O_3 results, samples submitted for laboratory analysis (white squares) and areas of interest pertaining to the current Exploration Target (yellow polygons).

EXPLORATION: AUSTRALIA

Darling Range Bauxite Project, Western Australia

The Darling Range Bauxite Project (**Darling Range**), located in the Darling Ranges northeast of Perth, Western Australia, is comprised of two Exploration License Applications (ELA 70/5111 and 70/5112), covering 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 (aluminium oxide) and 4.43% reactive (soluble) SiO_2 (silicon dioxide), 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

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 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.

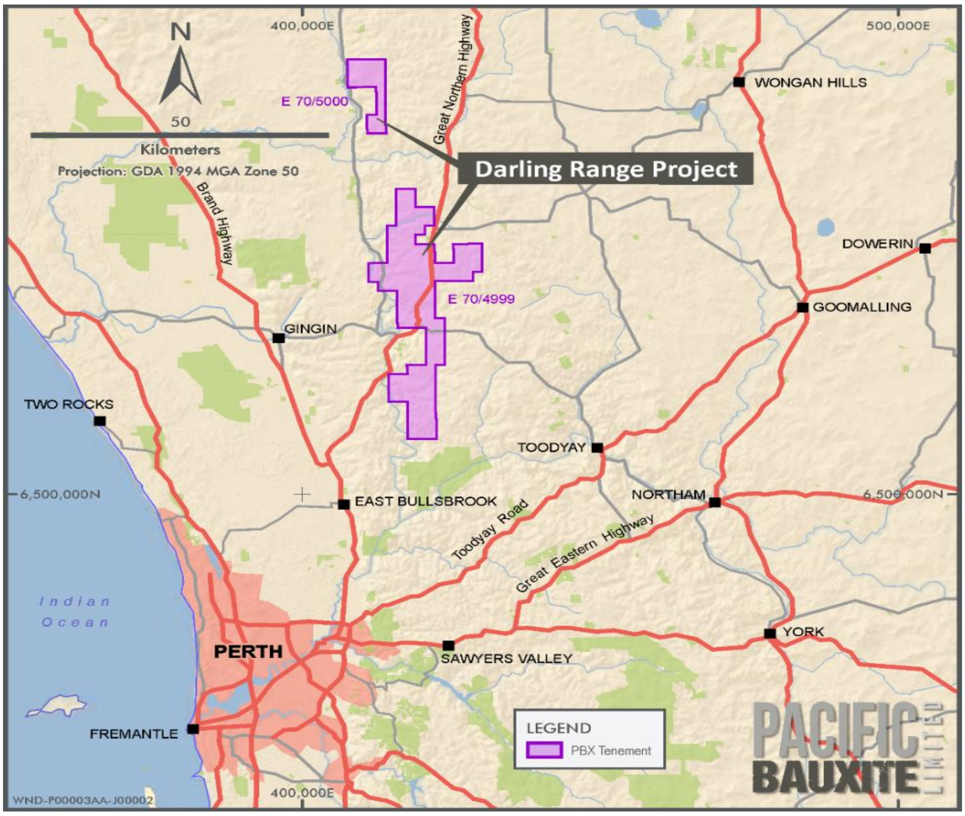

Figure 3: Darling Range Project Location

Proposed Strategy and Activity

Upon the successful granting of the Exploration License 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 Mineral Resource to JORC 2012 compliance as a priority. The Company will also plan fieldwork programs designed to define and expand the extent of the mineralised area within the Darling Range Project.

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 Darling Range's existing Resource prior to the commencement of any ground disturbing fieldwork.

Sale of Residual Interests in Milestone and Royalty Payments

On 28 August 2019, the Company was pleased to announce it has entered into a binding agreement with Maincoast Pty Ltd (**Maincoast**) for the sale of its residual interests in milestone payments and royalties from the Mt Richardson, Rogetta and Golden Camel projects, for a consideration of A$100,000.

On 3 September 2019, the Company announced that all Conditions Precedent have been satisfied or waived and as such the transaction is now unconditional. Completion of the transaction occurred on 10 September 2019.

Further details on the transaction are available below in the Corporate activities review, below.

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 and Management 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.

During the June Quarter, the Company made additional changes to its board and management team. On 7 June 2019, Mr Craig Smith and Mr Campbell McKenzie were appointed to the Board as Non-Executive Directors. On the same day, Mr Suraj Sanghani resigned from his roles as Executive Director and Company Secretary, and Ms Melissa Chapman and Ms Catherine Grant-Edwards were appointed as joint Company Secretaries.

On 13 June 2019, Mr John Ciganek resigned from his role as Non-Executive Director.

The Board thanks Mr Sanghani, Mr Smith, Ms Coppin and Mr Ciganek for their service to the Company and wishes them well in their future endeavours.

Placement Issue of Shares

Following its announcement on 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.

Sale of Residual Interests in Milestone and Royalty Payments

On 28 August 2019, the Company was pleased to announce it has entered into a binding agreement with Maincoast Pty Ltd (**Maincoast**) for the sale of its residual interests in milestone payments and royalties from the Mt Richardson, Rogetta and Golden Camel projects, for a consideration of A$100,000.

The milestone payments and royalties include the following:

Mt Richardson Project, Western Australia (the Mt Richardson Royalty)

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 following milestone payments (together, the **Rogetta Milestone Payments**):

- A$1,000,000 upon the first shipment of iron ore from the Rogetta Project tenements;
- A$2,000,000 upon the first anniversary of the shipment of iron ore from the Rogetta Project tenements; and
- A$2,000,000 upon the second anniversary of the shipment of iron ore from the Rogetta Project tenements.

Golden Camel Project, Victoria (the Golden Camel Royalty)

A royalty of A$2/tonne on all gold ore mined after the first 20,000oz has been produced from the project.

Key terms of the Sale

1. Consideration of A$100,000 to be paid to the Company by Maincoast for the sale of milestone payments and royalties.
2. Completion is contingent on the Company obtaining the required consent in relation to the Golden Camel Royalty within 5 days of signing the binding agreement (the **Condition Precedent Date**).
3. Completion is to occur 7 days after the Condition Precedent Date (the **Completion Date**).
4. Exclusivity is granted to Maincoast up until the Condition Precedent Date.

On 3 September 2019, the Company announced that all Conditions Precedent have been satisfied or waived and as such the transaction is now unconditional. Completion of the transaction occurred on 10 September 2019.

The Directors of Pacific Bauxite Limited (**Pacific Bauxite**) (**Company**) submit their report, together with the consolidated financial statements comprising Pacific Bauxite and its controlled entities (**Group**) for the financial year ended 30 June 2019.

DIRECTORS AND OFFICERS

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise noted.

PETER LEWIS (Appointed 30 January 2018)
Non-Executive Chairman

Mr Lewis is a Queensland based businessman with a long and successful career predominantly in the property industry. He is a former director of Ray White, Richard Ellis Group, founder and Managing Director of Savills (QLD), founder and Managing Director of Unity Pacific (formerly Trinity Ltd), Director of Eumundi Brewing Group Ltd and CEC Ltd. Mr Lewis is the chairman of Aurum Pacific Group, a private mining company with diverse interest both in Australia and internationally that is associated with the vendors of Eight South Investment Pty Ltd. He has also previously served as Chairman of the Queensland Rugby Union.

Mr Lewis has not held any other directorships of listed companies in the last three years.

Effective 29 November 2018, Mr Lewis transitioned from the role of Non-Executive Director to Non-Executive Chairman.

Mr. Lewis indirectly holds 4,100,000 ordinary shares and 2,050,000 options in Pacific Bauxite.

CRAIG SMITH (Appointed 6 June 2019)
Non-Executive Director

Mr Smith has over 40 years' experience in the areas of property and commercial law. Mr Smith holds a master's degree in law from the University of Queensland and is currently a partner at O'Shea & Partners Lawyers.

Mr Smith has not held any other directorships of listed companies in the last three years.

Mr Smith does not hold any shares or options in Pacific Bauxite.

CAMPBELL MCKENZIE (Appointed 6 June 2019)
Non-Executive Director

Mr McKenzie is a consultant and Director with over 20 years' experience in the minerals sector in both technical and management roles in private and public companies and government. Mr McKenzie holds a BSc. (Hons) Geology and started his career as an exploration geologist in Australia and Latin America, followed by a role managing the Minerals Unit for the New Zealand Government. He is currently involved as Business Development Manager for RSC Mining & Mineral Exploration Ltd, a Director of Kenex Knowledge Systems and a Director of Aurum Pacific Bauxite (NZ) Ltd. Mr McKenzie also provides advisory services to TSX listed Chatham Rock Phosphate and the private Australian company Duke Exploration Ltd.

Mr McKenzie has not held any other directorships of listed companies in the last three years.

Mr McKenzie does not hold any shares or in Pacific Bauxite.

JOHN CIGANEK (Appointed 11 July 2016, Resigned 13 June 2019)
Non-Executive Director

Mr Ciganek's career of more than 25 years in the mining sector has been spent across mining engineering, executive management and corporate finance. He is currently Executive Director of BurnVoir Corporate Finance, a corporate finance advisory firm. Mr. Ciganek's advisory roles include project finance, mergers and acquisitions, equity capital markets, corporate and commercial advisory. Mr Ciganek has worked in bauxite mining operations with Comalco/CRA (now Rio Tinto) and has provided corporate finance advice to companies in the bauxite, alumina and aluminium sectors. Mr Ciganek's qualifications include a Bachelor of Mining Engineering from Wollongong University and a Master of Business Administration from Macquarie Graduate School.

Mr Ciganek was previously a director of Boulder Steel Ltd in the last three years.

Effective 4 September 2017, Mr Ciganek transitioned from the role of a Non-Executive Director to Non-Executive Chairman. Effective 29 November 2018, Mr Ciganek transitioned from the role of Non-Executive Chairman to Non-Executive Director. Mr Ciganek resigned 13 June 2019.

Mr Ciganek indirectly held 1,720,000 ordinary shares, 1,860,000 options and 1,500,000 performance rights in Pacific Bauxite on resignation.

SURAJ SANGHANI (Appointed 19 February 2014, Resigned 4 June 2019)
Non-Executive Director and Company Secretary

Mr. Sanghani has over 11 years of experience in the assurance, accounting and corporate governance profession. He has held roles with Ernst & Young, as well as company secretary and directorship roles with a number of ASX listed exploration companies operating domestically and internationally. Mr. Sanghani has a Bachelor of Commerce Degree from the University of Western Australia and is a Chartered Accountant and Chartered Company Secretary. He is currently a member of the Institute of Chartered Accountants Australia and New Zealand and the Governance Institute of Australia.

Mr Sanghani has not held any other directorships of listed companies in the last three years.

Mr Sanhani was appointed Company Secretary on 19 February 2014. Effective 29 November 2018, Mr Sanghani was appointed Executive Director of the Company in addition to remaining Company Secretary. Mr Sanghani resigned as Executive Director and Company Secretary effective 4 June 2019. Mr Sanghani indirectly held 642,000 ordinary shares, 1,000,000 options and 1,000,000 performance rights in Pacific Bauxite on resignation.

BRETT SMITH (Appointed 13 May 2014, Resigned 29 November 2018)
Non-Executive Director

Mr Smith has acquired more than 30 years of experience in the mining and exploration industry as a geologist, manager, consultant and Director in Australia, North and South America and Africa. His industry experience is broad, dominated by exploration and resource definition for mining operations. Mr Smith holds a Bachelor of Science (honours) and is also a member of MAusIMM, MAIG and the Australian Institute of Company Directors.

Mr Smith is currently the Managing Director of Corazon Mining Ltd and Non-Executive Director of Battery Minerals Ltd. Other directorships of listed companies held in the past three years include, Jacka Resources Ltd and Cauldron Energy Ltd.

Mr Smith resigned 29 November 2018. Mr. Smith indirectly held 1,351,713 ordinary shares, 2,500,000 options and 3,000,000 performance rights in Pacific Bauxite on resignation.

PIPPA COPPIN (Appointed 24 March 2016, Resigned 29 November 2018)
Non-Executive Director

Ms. Coppin is a corporate lawyer based in Perth. She specialises in equity capital raisings, all forms of acquisitions and divestments, governance and corporate compliance. Ms Coppin graduated from the University of Western Australia in 2004 with a Bachelor of Laws and Science. She also has a Graduate Diploma of Applied Corporate Governance and a Diploma of Business Studies.

Ms Coppin has not held any other directorships of listed companies in the last three years.

Ms Coppin resigned 29 November 2018. Ms. Coppin indirectly held 1,000,000 options and 1,500,000 performance rights in Pacific Bauxite on resignation.

MELISSA CHAPMAN (Appointed 5 June 2019)
Joint Company Secretary

Ms Chapman has over 15 years of experience in the accounting profession. She has worked in Australia and the United Kingdom for both listed and private companies and currently provides accounting and company secretarial services to several listed resource companies.

Ms Chapman holds a Bachelor of Commerce degree from the Murdoch University, and has qualified as a Certified Practising Accountant with CPA Australia; she has also completed a Graduate Diploma of

Corporate Governance with the Governance Institute of Australia, and the company directors course with the Australian Institute of Company Directors

CATHERINE GRANT-EDWARDS (Appointed 5 June 2019)
Joint Company Secretary

Ms Grant-Edwards has 15 years of experience in accounting and finance and currently provides accounting and company secretarial services to several listed resource companies.

Ms Grant-Edwards has a Bachelor of Commerce degree from the University of Western Australia, majoring in Accounting and Finance, and is a qualified Accountant with the Institute of Chartered Accountants Australia (ICAA).

Principal Activities

The principal activity of the Group during the course of the financial year was mineral exploration.

Dividends

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

Review of Operations

Information on the operations of the Group and its corporate activities is set out in the Review of Operations.

Financial Position

The loss after tax for the year ended 30 June 2019 amounted to $2,104,132 (2018: $4,190,711). At the end of the 2019 financial year the group has net assets of $192,731 (2018: $2,296,863) including cash reserves of $233,893 (2018: $2,062,108).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group other than those disclosed in the Review of Operations.

Matters Subsequent to the End of the Financial Year

On 28 August 2019, the Company announced the sale of its residual interests in milestone payments and royalties from the Mt Richardson, Rogetta and Golden Camel projects, for a consideration of A$100,000. The transaction completed on 10 September 2019.

On 5 September 2019, the Company announced that Eight South Investments Pty Ltd (**Eight South Investments**), the Company's Nendo joint venture partner, received a letter from the Registrar of the High Court and Court of Appeal of the Solomon Islands confirming that the Attorney-General's Notice of Appeal was filed out of time. Consequently, if the Attorney General wished to further pursue an appeal, he would be first required to bring an application to obtain the leave of the High Court to apply to extend the period for lodging a Notice of Appeal and only then if successful could he again apply to the High Court for leave to bring such an appeal. As the Registrar has now confirmed that there is no appeal currently on foot, Eight South Investments will pursue the extension or renewal of the term of PL 01/16.

On 11 September 2019, the Company announced that it would be undertaking a capital raising by way of a non-renounceable pro-rata rights issue to raise $991,535 (before costs) (**Rights Issue**). Under the Rights Issue eligible shareholders will be able to subscribe for 1 new share for every existing 2 shares they hold at an issue price of $0.005 per share.

No other matters or circumstances have arisen since the end of the 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.

Likely Developments and Expected Results of Operations

The Group will continue to focus on the exploration of minerals.

Environmental Regulation

The Directors believe the Group is not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Greenhouse Gas and Energy data reporting requirements

The Group is subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

The Energy Efficiency Opportunities Act 2006 requires the group to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the Group intends to take as a result. The National Greenhouse and Energy Reporting Act 2007 require the Group to report its annual greenhouse gas emissions and energy use.

For the year ended 30 June 2019 the Group was below the reported threshold for both legislative reporting requirements therefore is not required to register or report. The Group will continue to monitor its registration and reporting requirements however it does not expect to have future reporting requirements.

Directors' Meetings

The following table sets out the number of meetings of the Company's Directors held while each Director was in office and the number of meetings attended by each Director:

	Board Meetings	
Director	**Number of meetings held while in office**	**Number of meetings attended**
Peter Lewis	6	6
Craig Smith	1	1
Campbell McKenzie	1	1
John Ciganek	6	5
Suraj Sanghani	2	2
Brett Smith	3	2
Pippa Coppin	3	2

REMUNERATION REPORT (AUDITED)

The information contained in the remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

Principles Used to Determine the Nature and Amount of Remuneration

The Group's policy for determining the nature and amount of emoluments of Board members and senior executives are as follows:

Executive Remuneration

The Group's remuneration policy for Executive Directors is designed to promote superior performance and long-term commitment to the Group. Executives receive a base salary which is market related. Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the best interests of the Group and its shareholders to do so. The Board's reward policy reflects its obligation to align executives' remuneration with shareholders' interests and retain appropriately qualified executive talent for the benefit of the Group. The main principles of the policy are:

- Reward reflects the competitive market in which the Group operates;
- Individual reward should be linked to performance criteria; and
- Executives should be rewarded for both financial and non-financial performance.

Refer below for details of Executive Directors' remuneration.

Non-Executive Remuneration

Shareholders approve the maximum aggregate remuneration for Non-Executive Directors. The Board recommends the actual payments to Directors. The maximum aggregate remuneration approved for Non-Executive Directors is currently $250,000 (2018: $250,000). The Group has agreed to pay an insurance premium for Directors and Officers Liability.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Refer below for details of Non-Executive Directors' remuneration.

Executives are also entitled to participate in the employee share and option arrangements. Refer to note 24(b) to the financial report for details of all Directors' share and option holdings.

The Executive Directors and Executives receive a superannuation guarantee contribution (where applicable) required by the government, which, as at 30 June 2019 was 9.5%, and do not receive any other retirement benefits.

All remuneration paid to Directors and Executives is valued at the cost to the Group and expensed.

Options issued under the plans contain no dividend or voting rights. When exercised, each option is converted in to one ordinary share. The assessed fair value of the options at grant date is calculated in accordance with AASB 2 *Share-based Payments*. The values are determined using a Black-Scholes pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and the expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required; during the year no advice was sought. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in Pacific Bauxite and are able to participate in an employee option plan (none adopted to date).

Performance Based Remuneration

The Board believes that as the Group is in its start-up phase of development it is not feasible to establish meaningful Key Performance Indicators from which to base Director and Executive remuneration packages. Once the Group is more fully established the Board will reconsider this policy.

Use of Remuneration Consultants

For the year ended 30 June 2019, the Group did not employ any remuneration consultants to provide recommendations on employee remunerations matters.

Remuneration Governance

The Group has not established a remuneration committee due to the relatively small size and early stage of development of the Group. The Board as a whole monitors the activities normally reserved for a remuneration committee. The Corporate Governance Statement provides further information on the role of the Board in this context.

Details of Remuneration

Details of the remuneration of the Directors and key management personnel of the Group are set out below.

The Key Management Personnel (**KMP**) of the Group include:

- Peter Lewis (Non-Executive Chairman) (Appointed 30 January 2018, appointed Chairman on 29 November 2018)
- Craig Smith (Non-Executive Director) (Appointed 6 June 2019)
- Campbell McKenzie (Non-Executive Director) (Appointed 6 June 2019)
- John Ciganek (Non-Executive Director) (Appointed 11 July 2016, appointed Chairman on 4 September 2017 until 29 November 2018, resigned 13 June 2019)
- Suraj Sanghani (Executive Director and Company Secretary) (Appointed Company Secretary 19 February 2014, appointed Executive Directors 29 November 2019, resigned 4 June 2019)
- Brett Smith (Non-Executive Director) (Appointed 13 May 2014, resigned 29 November 2018)
- Pippa Coppin (Non-Executive Director) (Appointed 24 March 2016, resigned 29 November 2018)

Key Management Personnel Remuneration:

2019

	Short Term	Post-employment	Share based payments			Share Based payments as a % of total remuneration
Name	**Cash salary and fees $**	**Superannuation $**	**Options $**	**Shares $**	**Total $**	
Peter Lewis	34,360	-	-	-	34,360	-
Craig Smith	4,167	-	-	-	4,167	-
Campbell McKenzie	12,619	-	-	-	12,619	-
John Ciganek	57,834	-	-	-	57,834	-
Suraj Sanghani	139,286	13,232	-	-	152,518	-
Brett Smith	30,660	-	-	-	30,660	-
Pippa Coppin	30,660	-	-	-	30,660	-
Total	339,586	13,232	-	-	352,818	-

2018

	Short Term	Post-employment	Share based payments			Share Based payments as a % of total remuneration
Name	**Cash salary and fees $**	**Superannuation $**	**Options $**	**Shares $**	**Total $**	
Brett Smith	59,760	-	-	-	59,760	-
Pippa Coppin	52,560	-	-	-	52,560	-
John Ciganek	73,898	-	-	-	73,898	-
Peter Lewis	21,900	-	-	-	21,900	-
Mark Gwynne	132,150	12,554	-	-	144,704	-
Suraj Sanghani	126,000	11,970	-	-	137,970	-
Total	466,268	24,524	-	-	490,792	-

Share Based Compensation

There were no options granted as part of remuneration in the current or prior year.

Additional Information

The table below sets out the performance of the Group and the consequences on shareholders' wealth for the past five years:

	2019	2018	2017	2016	2015
Quoted price of ordinary shares at period end (cents)	0.7	1.6	1.7	3.7	1.1
Earnings / (loss) per share (cents)	(0.53)	(1.49)	(1.11)	(0.95)	(0.77)
Dividends paid	-	-	-	-	-

Service Agreements and Remuneration Commitments

The following service agreements and remuneration arrangements were in place during the period:

- Peter Lewis – PB Lewis & Co Pty Ltd - 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. Effective 13 June 2019, Mr Lewis's remuneration increased to $90,000 per annum (excl. GST) following a market review of Director remuneration. Mr Lewis has been deferring a part of his remuneration to prioritise cash flow to activates directly related to exploration. The amount owing to Mr Lewis at 30 June 2019 was $24,960.
- Craig Smith – Dugadan Holdings Pty Ltd - Service agreement for no fixed term, remuneration of $60,000 per annum and a two (2) month notice period.
- Campbell McKenzie – Geo Advisory Limited - Service agreement for no fixed term, remuneration of $60,000 per annum and a two (2) month notice period. From time to time Campbell also provides consulting services to the Group and these are provided on a commercial basis
- John Ciganek – Ciganek Family Trust - Service agreement for no fixed term and a two (2) month notice period. 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. Mr Ciganek deferred a part of his remuneration to prioritise cash flow to activates directly related to exploration. The amount owing to Mr Ciganek at 30 June 2019 was $10,678.
- Suraj Sanghani – Employment agreement for no fixed term, remuneration of $150,000 per annum plus statutory superannuation and a two (2) week notice period. On the 29 November 2018 Mr Suraj Sanghani's role changed to Executive Director and his remuneration remained unchanged.
- Brett Smith – Topaz Corporate Pty Ltd - Service agreement for no fixed term, remuneration of $52,560 per annum and a two (2) month notice period. Brett is entitled to an additional $800 per day that he is at an exploration site.
- Pippa Coppin – Boscarn Pty Ltd - Service agreement for no fixed term, remuneration of $52,560 per annum and a two (2) month notice period. From time to time Pippa also provides legal services to the Group and these are provided on a commercial basis.

Security Trading Policy

Pacific Bauxite's security trading policy provides guidance on acceptable transactions in dealing in the Company's various securities, including shares, debt notes and options. Pacific Bauxite's security trading policy defines dealing in Company securities to include:

(a) subscribing for, purchasing or selling Company securities or entering into an agreement to do any of those things;
(b) advising, procuring or encouraging another person (including a family member, friend, associate, colleague, family Company or family trust) to trade in Company Securities; and
(c) entering into agreements or transactions which operate to limit the economic risk of a person's holdings in Company securities.

The securities trading policy details acceptable and unacceptable times for trading in Company securities including detailing potential civil and criminal penalties for misuse of "inside information". The Directors must not deal in Company securities without providing written notification to the Chairman. The Chairman must not deal in Company securities without the prior approval of the Board of Directors. The Directors are responsible for disclosure to the market of all transactions or contracts involving the Company's shares.

Pacific Bauxite's Employee Option Plan expired on 8 August 2017. There is no current plan in place.

Voting and Comments Made at the Group's 2018 Annual General Meeting.

Pacific Bauxite received more than 87% of "yes" votes on its remuneration report for the 2018 financial year.

END OF REMUNERATION REPORT (AUDITED)

Shares under Option

Unissued ordinary shares of Pacific Bauxite under option at the date of this report are as follows:

Date options granted	Expiry Date	Issue price of shares	Number under option
25 November 2016	1 December 2019	8 cents	8,500,000
27 June 2018	25 June 2021	6 cents	68,310,044

No option holder has any right under the options to participate in any other share issue of the Company.

During the year no options were exercised. During the prior year, a total of 1,000,000 unlisted options with an exercise price of $0.03 each with an expiry date of 30 December 2017 were exercised.

During the year no options lapsed. During the prior year, a total of 5,250,000 unlisted options with an exercise price of $0.09 and an expiry date of 28 November 2017 lapsed.

Performance Rights

There were no performance rights issued during the year (2018: Nil). Details of the performance rights on issue at the date of this report are as follows:

Date performance rights granted	Expiry Date	Issue price	Number of performance rights
25 November 2016	1 December 2019	-	10,500,000

None of these performance rights have vested as at the date of this report. Refer to the remuneration report above for the terms of these performance rights.

Indemnifying Officers

During the financial year, the Group paid a premium in respect of a contract insuring the directors and company secretary to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or any related body corporate against a liability incurred as such an officer.

Proceedings on Behalf of the Group

No person has applied for leave of Court, under section 237 of the *Corporations Act 2001*, to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is party for the purpose of taking responsibility on behalf of the Group for all or part of these proceedings. The Group was not a party to any such proceedings during the year.

Non-Audit Services

No non-audit services were provided to the Group by the Group's auditors during the year ended 30 June 2019. Non-audit services are only provided by the Group's auditors where the Board of Directors is satisfied that the provision of non-audit related services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Auditor's Independence Declaration

The auditor's independence declaration as required under *section 307C of the Corporations Act 2001*, for the year ended 30 June 2019 has been received and is set out on page 19.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Peter Lewis
Chairman
26 September 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 Limited
Level 3, 33 Ord Street
West Perth WA 6005

Dear 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 of the 30 June 2019 financial statements; and

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

Graham Swan FCA (Lead auditor)

Rothsay Auditing

Dated 26 September 2019

The Company's Corporate Governance Statement for the year ended 30 June 2019 (which reports against these ASX principles) may be accessed from the Company's website at www.pacificbauxite.com.au.

PACIFIC BAUXITE LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2019

	Note	2019 $	2018 $
Revenue from continuing operations	4	14,216	14,659
Other Income	4	18,853	72,126
Administration		(596,621)	(420,993)
Exploration costs		(238,168)	(159,029)
Depreciation	11	(32,988)	(25,719)
Employment costs		(413,438)	(543,260)
Impairment of loan to associate	22	(855,986)	(1,779,008)
Impairment of investment in associate	22	427,993	(459,983)
Share of net loss of associate	22	(427,993)	(889,504)
(Loss) before Income Tax		(2,104,132)	(4,190,711)
Income tax (expense) / benefit	5	-	-
(Loss) for the Year		**(2,104,132)**	**(4,190,711)**
Profit is attributable to			
Owners of Pacific Bauxite Limited		(2,104,132)	(4,190,711)
Other comprehensive income		-	-
Total comprehensive (loss) for the year		**(2,104,132)**	**(4,190,711)**
(Loss) per share attributed to the Owners of Pacific Bauxite Limited			
Basic loss per share (cents)	17	(0.53)	(1.49)

The above 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 30 June 2019

	Note	2019 $	2018 $
CURRENT ASSETS			
Cash and Cash Equivalents	7	233,893	2,062,108
Restricted Cash	9	71,500	207,930
Trade and Other Receivables	10	35,526	230,739
TOTAL CURRENT ASSETS		340,919	2,500,777
NON-CURRENT ASSETS			
Property, Plant and Equipment	11	118,416	145,258
Investment accounted for using the equity method	22	-	-
TOTAL NON-CURRENT ASSETS		118,416	145,258
TOTAL ASSETS		459,335	2,646,035
CURRENT LIABILITIES			
Trade and Other Payables	12	183,689	269,660
Provisions	13	75,194	53,967
TOTAL CURRENT LIABILITIES		258,883	323,627
NON-CURRENT LIABILITIES			
Trade and Other Payables	12	7,721	25,545
TOTAL NON-CURRENT LIABILITIES		7,721	25,545
TOTAL LIABILITIES		266,604	349,172
NET ASSETS		**192,731**	**2,296,863**
EQUITY			
Issued Capital	14	20,181,348	19,846,155
Reserves	15	1,624,540	1,959,733
Accumulated Losses		(21,613,157)	(19,509,025)
TOTAL EQUITY		**192,731**	**2,296,863**

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

2019	Issued Capital $	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 income for the year					
Loss for the year	-	(2,104,132)	-	-	(2,104,132)
Total comprehensive loss for the year	**-**	**(2,104,132)**	**-**	**-**	**(2,104,132)**
Second Placement	335,193	-	(335,193)	-	-
Balance as at 30 June 2019	**20,181,348**	**(21,613,157)**	**-**	**1,624,540**	**192,731**

2018	Issued Capital $	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 income for the year					
Loss for the year	-	(4,190,711)	-	-	(4,190,711)
Total comprehensive loss for the year	**-**	**(4,190,711)**	**-**	**-**	**(4,190,711)**
First Placement	1,900,000	-	-	-	1,900,000
Acquisition of 50% Eight South Investments Pty Ltd	800,000	-	-	-	800,000
Exercise of options	30,000	-	-	-	30,000
Acquisition of Darling Ranges exploration licenses	71,000	-	-	-	71,000
Second Placement	2,066,207	-	335,193	-	2,401,400
SPP	690,580	-	-	-	690,580
Options issued	(134,118)	-	-	134,118	-
Share issue costs	(307,394)	-	-	-	(307,394)
Balance as at 30 June 2018	**19,846,155**	**(19,509,025)**	**335,193**	**1,624,540**	**2,296,863**

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

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		12,717	10,212
Receipt from bankrupt trustees for debt recovery		-	47,990
Receipts from customers		12,048	14,659
Payment for exploration and evaluation		(1,316,448)	(1,848,752)
Movement in cash from non-restricted to restricted		(71,500)	-
Payments to suppliers and employees		(707,953)	(984,041)
NET CASH (OUTFLOWS) FROM OPERATING ACTIVITIES	8	(2,071,136)	(2,759,932)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of projects		-	-
Proceeds from sale of property, plant and equipment		-	-
Payments for property, plant and equipment		(6,145)	(94,610)
Proceeds from sale of available for sale financial assets		5,000	17,101
NET CASH INFLOW / (OUTFLOWS) FROM INVESTING ACTIVITIES		(1,145)	(77,509)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of capital		335,193	4,686,787
Payments for share issue costs		(74,256)	(233,139)
Payments for finance lease		(16,871)	(9,423)
NET CASH (OUTFLOWS) FROM FINANCING ACTIVITIES		244,066	4,444,225
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,828,215)	1,606,784
Cash and cash equivalents at the beginning of the financial year		2,062,108	455,324
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	233,893	2,062,108

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (**AABS**), Australian Accounting Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The financial statements of the Group also comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**). Pacific Bauxite Ltd is a for profit entity for the purpose of preparing the financial statements.

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 $2,104,132 (2018: $4,190,711 loss) and net cash outflows from operating activities of $2,071,136 (2018: $2,759,932) for the year ending 30 June 2019. The cash balance as at 30 June 2019 was $233,893 (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 is 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 Group, there is a material uncertainty about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts 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.

Adoption of New and Revised Accounting Standards

In the Current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective or reporting periods beginning on 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.

<u>*Measurement and classification*</u>
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 2018 it was determined that the adoption of AASB 15 had no impact on the Group.

New accounting standards and interpretations not yet effective

The Group has not elected to early adopt any new standards or amendments.

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The Group does not anticipate that there will be a material effect on the financial statements from the adoption of these standards.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 16 Leases	1 January 2019	30 June 2020
AASB 2018-1 Australian Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle	1 January 2019	30 June 2020
AASB Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019	30 June 2020
Not yet issued by the AASB - Conceptual Framework for Financial Reporting and relevant amending standards	1 January 2020	30 June 2021
AASB 2018-7 - Definition of Material (Amendments to AASB 101 and AASB 108)	1 January 2020	30 June 2021

Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and certain classes of property, plant and equipment.

Critical Accounting Estimates and Significant Judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pacific Bauxite as at 30 June 2019 and the results of all subsidiaries for the year then ended. Pacific Bauxite and its subsidiaries together are referred to in this financial report as either the **Consolidated Entity** or **Group**.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group that are recorded in the consolidated statement of profit or loss and other comprehensive income. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and statement of changes in equity respectively.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Pacific Bauxite.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Associates

Associates are all entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The group's investment in associates includes goodwill identified on acquisition.

The group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as reduction in the carrying amount of the investment.

When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

(c) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(d) Exploration and Evaluation Expenditure

Exploration, evaluation expenditure is expensed in respect of each identifiable area of interest held in the name of the entity. Acquisition costs are capitalised and recognised on the statement of financial position only to the extent that there exists evidence of the capitalised expenditure to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated acquisition costs in relation to an abandoned area are written off in full to the statement of profit or loss and other comprehensive income in the year in which the decision to abandon the area is made.

When production commences, the accumulated exploration, acquisition and development costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. Any costs of site restoration are provided for during the relevant production stages (where the liabilities exist) and included in the costs of that stage. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(e) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(f) Trade Receivables

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.

(g) Property, Plant & Equipment

Each asset of property, plant and equipment is carried at cost, less where applicable, any accumulated depreciation and impairment losses. Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Property

Buildings are shown at cost less subsequent depreciation for buildings.
Depreciation

Items of plant and equipment are depreciated using the diminishing value method over their estimated useful lives to the consolidated entity. Depreciation on other classes of assets is done using the straight-line method. The depreciation rates used for each class of asset for the current period are as follows:

- Buildings 2.5%
- Property Improvements 2.5%
- Plant and Equipment 10% - 66.67%

Assets are depreciated from the date the asset is ready for use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets continual use or subsequent disposal. The expected cash flows have been discounted to their present value in determining the recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the consolidated statement of profit or loss and other comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(h) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the end of the reporting period.

Deferred income tax is accounted for using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax from the initial recognition of an asset or liability, in a transaction other than a business combination is not accounted for if it arises that at the time of the transaction it affects neither accounting or taxable profit nor loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the asset is realised or liability is settled. Deferred tax is credited in the consolidated statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Group's entitlement to the Research and Development tax rebate is recognised as Other Income in accordance with AASB 120.

(i) Investment allowances

The Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

(i) Employee Benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(j) Share-Based Payments

The Consolidated entity provides benefits to employees (including Directors) of the Consolidated Entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option-pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Refer to note 16 for further information.

(k) Cash and Cash Equivalents

For the purpose of the Consolidated Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within three months, net of outstanding bank overdrafts.

(l) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Option Fee

Option Fee revenue is recognised at the time the Group receives notification from the contracting party that all conditions required for payment under the agreement have been met and the fee is due and payable.

Other income

Sale of assets is calculated with reference to the carrying value of the asset less the consideration received to arrive at the profit on sale.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Contributed Equity

Ordinary issued share capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in share proceeds received.

Where any Group purchases the entity's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Pacific Bauxite as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Pacific Bauxite.

(o) Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity. Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(p) Joint Ventures

Jointly Controlled Assets

Interest in the joint venture operation is brought to account by including in the respective classifications, the share of individual assets employed and share of liabilities and expenses incurred.

(q) Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(r) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

(s) Earnings Per Share

Basic earnings per share

Basic earnings per share is determined by dividing profit attributable to owners of the Company, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(t) Investments and Other Financial Assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Recognition

Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets initially recognised at fair value with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Subsequent Measurement

Available-for-sale financial assets are subsequently measured at fair value. Changes in the fair value of available-for-sale financial assets are recognised in the consolidated statement of profit or loss and other comprehensive income.

Loans and receivables are carried at amortised cost using the effective interest method. Details on how the fair-value of financial instruments are determined are disclosed in note 2.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive profit or loss and other income.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of profit or loss and other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 2.

(u) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(v) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(w) Intangible Assets

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

2. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk in these areas is not significant enough to warrant a formalised specific risk management program.

Risk management is carried out by the Board in their day-to-day function as the overseers of the business. Where necessary the Board provides principles for overall risk areas, as well as defined policies for specific risks such as foreign exchange and credit risk.

The Consolidated Entity holds the following financial instruments:

2019	At amortised cost	Fair value: Through profit and loss	Fair value: Through other comprehensive income
	$	$	$
Financial assets			
Cash and cash equivalents	233,893	-	-
Restricted cash	71,500		
Trade and other receivables	35,526		
Total current	340,919	-	-
Total assets	340,919	-	-
Financial liabilities			
Trade and other payables	183,689	-	-
Total current	183,689	-	-
Trade and other payables	7,721	-	-
Total non-current	7,721	-	-
Total liabilities	191,410	-	-

2018	At amortised cost	Fair value: Through profit and loss	Fair value: Through other comprehensive income
	$	$	$
Financial assets			
Cash and cash equivalents	2,062,108	-	-
Restricted cash	207,930		
Trade and other receivables	230,739		
Total current	2,500,777	-	-
Total assets	2,500,777	-	-
Financial liabilities			
Trade and other payables	269,660	-	-
Total current	269,660	-	-
Trade and other payables	25,545	-	-
Total non-current	25,545	-	-
Total liabilities	295,205	-	-

(a) Market Risk

(i) *Foreign Exchange Risk*
The entity's operations are limited to activities within Australia and Solomon Islands.

Sensitivity
The Group's profit would not be materially different due to changes in exchange rates.

(ii) *Price risk*
The entity was previously exposed to equity securities price risk arising from investments held by the entity and classified on the statement of financial position as available-for-sale.

All of the Group's equity investments were publicly traded and listed on the ASX.

The Group manages equity securities price risk by only investing in companies where the Board has a detailed understanding of its financial and operating position.

The Group is not exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from funds on interest bearing deposits. Funds on interest bearing deposits at variable rates expose the Entity to cash flow interest rate risk. During 2019 and 2018, the Entity's funds on deposit at variable rate were denominated in Australian Dollars only.

As at the reporting date, the Entity had the following variable rate funds on deposit:

	30 June 2019 Weighted average interest rate %	**30 June 2019** Balance $	**30 June 2018** Weighted average interest rate %	**30 June 2018** Balance $
Funds on deposit	1.90	71,500	2.40	91,500

The Entity has assessed that the impact of movements in interest rates does not have a material impact on the net profit after tax. Accordingly, the Entity's funds on deposit are managed according to the cash flow requirements of the Entity rather than impact of interest rate risk.

Entity sensitivity
At 30 June 2019, if interest rates had changed by -100/+ 70 basis points (2018 by -100/+ 70 basis points) from the year-end rates with all other variables held constant, post-tax profit for the year would have been $715 lower / $501 higher (2018 – change of 100/70 bps: $915 lower / $641 higher), mainly as a result of higher/lower interest income from funds held on deposit. Equity would have been $715 lower / $501 higher (2018: $915 lower / $641 higher) mainly as a result of an increase/decrease in the interest income from funds held on deposit.

(b) Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and receivables from Joint Venture and Farm-In operations. The Entity's maximum exposure to credit risk at the reporting date was:

	2019 $	**2018 $**
Financial Assets		
Cash and cash equivalents	233,893	2,062,108
Trade and other receivables	35,526	207,930
Restricted cash	71,500	230,739
	340,919	2,500,777

The Directors believe that there is negligible credit risk with the cash and cash equivalents, as funds are held at call with a reputable Australian Banking Institution which has a long term S&P credit rating of AA3.

Other receivables relate to amounts due from the Australian Taxation Office and prepaid expenses and accordingly the Directors believe there to be negligible credit risk with these receivables.

The Group did not have any trade receivables as at 30 June 2019 and no security interests are taken to cover the recoverability of financial assets.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in at call interest bearing deposits or in bank bills that are highly liquid and with maturities of less than six months.

Financing arrangements

The Entity does not have any financing arrangements.

Maturities of financial liabilities

The Entity does not have any debt except for trade payables which are due for payment in less than six months.

(d) Fair Value Measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid prices at the end of the financial year. These instruments are included in Level 1.

The carrying value of trade receivables and trade payables are assumed to approximate their fair value due to their short-term nature.

Set out below is a comparison of the carrying amount and fair values of financial instruments:

2019	**Carrying amount**	**Fair value**
	$	**$**
Financial assets		
Cash and cash equivalents	233,893	233,893
Restricted cash	71,500	71,500
Trade and other receivables	35,526	35,526
Total current	340,919	340,919
Total assets	340,919	340,919
Financial liabilities		
Trade and other payables	183,689	183,689
Total current	183,689	183,689
Trade and other payables	7,721	7,721
Total non-current	7,721	7,721
Total liabilities	191,410	191,410

2018	Carrying amount $	Fair value $
Financial assets		
Cash and cash equivalents	2,062,108	2,062,108
Restricted cash	207,930	207,930
Trade and other receivables	230,739	230,739
Total current	2,500,777	2,500,777
Total assets	2,500,777	2,500,777
Financial liabilities		
Trade and other payables	269,660	269,660
Total current	269,660	269,660
Trade and other payables	25,545	25,545
Total non-current	25,545	25,545
Total liabilities	295,205	295,205

3. Critical Accounting Estimates and Judgements

Key estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(i) Impairment

The Entity assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Impairment of JV

(ii) Exploration and evaluation expenditure

The Entity's accounting policy for exploration and evaluation expenditure results in expenditure being expensed with acquisition costs being capitalised for an area of interest where it is considered likely to be recovered by future exploitation or sale or where the activities have reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the acquisition costs under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the statement of profit or loss and other comprehensive income.

(iv) Share based payments

The Entity's accounting policy for share based payments results in the cost of equity-settled transactions with employees being measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model. In undertaking this valuation, the Entity makes certain judgments regarding the model inputs. In determining the model inputs consideration is made of publicly available information of transactions of a similar nature.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Refer to note 16 for further information.

(v) Recognition of deferred taxes

The Entity's accounting policy for recognising deferred tax assets states that a deferred tax asset may only be recognised where if it is probable that there will be future taxable amounts available to utilise those deferred tax assets.

After reviewing the Entity's current contracts and future revenue and expense estimates, the Group's management have made a judgement that whilst there is an expectation that there will be sufficient future taxable amounts available to utilise the Future Tax Assets, there is insufficient evidence available to recognise the Future Tax Assets at 30 June 2019 as required under AASB 112 Income Taxes.

(vi) Revenue and contingent assets

The Group has made the judgement to not recognise the revenue or contingent assets relating from the sale of mining projects during the prior years. A judgement was made that the transactions did not meet the revenue or contingent asset recognition criteria. The salient points of these transactions are summarised below.

Rogetta (Blythe)

Payment of A$1,000,000 upon the first shipment of iron ore extracted from the Blythe Project tenements.

Payment of A$2,000,000 upon the first anniversary of the first shipment of iron ore extracted from the Blythe Project tenements.

Payment of A$2,000,000 upon the second anniversary of the first shipment of iron ore extracted from the Blythe Project tenements.

The originally agreed royalty of 1.5% payable on the gross Free on Board revenue from all shipments of iron ore from the Blythe tenements remains intact.

Mt Richardson

The Group 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 A$0.50 per dry metric tonne on tonnages in excess of independently evaluated Indicated or Measured resources of 10,000,000 tonnes.

Golden Camel Gold Tenements

The Group retains a royalty of A$2/t on all gold ore mined after the first 20,000oz has been produced.

4. Revenue

	2019 $	2018 $
From Continuing Activities		
Sales revenue	14,216	14,659
Other Income		
Interest income	12,387	10,145
Profit on sale of assets classified as held of sale	-	13,991
Deposit on sale of royalty	5,000	-
Insurance claim settlement	1,466	-
Debt recovery (i)	-	47,990
	18,853	72,126

(i) First and final dividend from the bankrupt estate of former director Mr Zohar, received in October 2017.

5. Income Tax

	2019 $	2018 $
(a) Numerical reconciliation of income tax to prima facie tax payable		
Net (Loss) before tax	(2,104,134)	(4,190,711)
Tax expense / (benefit) at the Australian tax rate of 27.5% (2018: 27.5%)	(578,637)	(1,152,446)
Tax effect of amounts that are not deductible / taxable in calculating taxable income		
Share of net loss of associate	117,698	244,614
Impairment of loan to associate	235,396	489,227
Impairment of investment in associate	(117,698)	126,495
Sundry items	(6,573)	(15,627)
Future tax assets not brought to account	349,814	307,737
Income tax expense /(benefit)	-	-
Tax Losses		
Unused tax losses for which no deferred tax asset has been recognised	15,793,278	14,521,229
Potential tax benefit @ 27.5%	4,343,151	3,993,338

Included in the Future Tax Assets not brought to account are tax losses for which no deferred tax asset has been recognised, but where a Future Tax Asset had been recognised in a prior year. After reviewing the Group's current contracts and future revenue and expense estimates, the Group's management have made a judgement that whilst there is an expectation that there will be sufficient future taxable amounts available to utilise the deferred tax assets, there is insufficient evidence available to recognise the Future Tax Assets at 30 June 2019 as required under AASB 112 Income Taxes. Accordingly, the tax losses available as at 30 June 2019 have not been recognised as Future Tax Assets.

6. Segment information

Management treats the Australian operations and the Solomon Island operations as a separate operating segment and are reported on as such.

30 June 2019	Solomon Islands $	Australia	Total $
Revenue	-	33,069	33,069
Total Segment Revenue	-	33,069	33,069
Segment net operating profit/loss after tax	(858,374)	(1,245,760)	(2,104,134)
Interest revenue	-	12,387	12,387
Other revenue	-	20,682	20,682
Depreciation	-	(32,988)	(32,988)
Segment Assets	-	459,335	459,335
Segment Liabilities	-	(266,606)	(266,606)

30 June 2018	Solomon Islands $	Australia	Total $
Revenue	-	86,785	86,785
Total Segment Revenue	-	86,785	86,785
Segment net operating profit/loss after tax	(1,349,487)	(2,841,224)	(4,190,711)
Interest revenue	-	10,145	10,145
Other revenue	-	76,640	76,640
Depreciation	-	(25,719)	(25,719)
Segment Assets	-	2,646,035	2,646,035
Segment Liabilities	-	(349,172)	(349,172)

7. Cash and Cash Equivalents

	2019 $	2018 $
Cash at bank and in hand	233,893	2,062,108

The Group's exposure to interest rate risk is discussed in note 2. The minimum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

Of the cash at bank and in hand at 30 June 2018, $71,500 is held as security for bank guarantees to support the Group's mining tenements and $30,000 is held as security for credit cards. For the year ended 30 June 2019, restricted cash has been reclassified to restricted cash (refer note 9).

8. Reconciliation of the Operating Loss After Tax to the Net Cash Flows from Operating Activities

Cash Flow Information	2019 $	2018 $
(Loss)/Profit after income tax	(2,104,134)	(4,190,711)
Adjustments to reconcile profit after tax to net cash flow		
Depreciation	32,988	25,719
Acquisition of exploration licenses	-	71,000
Sale of royalty (classified as investing activities)	(5,000)	-
Accrued interest	-	(330)
Gain on sale of assets held for sale	-	(200)
Impairment of investment in associates	(427,993)	459,983
Share of net loss of associate	427,993	889,504
Changes in assets and liabilities		
Movement in cash from non-restricted to restricted	(71,500)	-
Increase/(decrease) in trade and other payables	(12,667)	167,500
Decrease/(increase) in trade and other receivables	67,950	(195,061)
Increase / (decrease) in provisions	21,227	12,664
Net cash (outflow) from operating activities	(2,071,136)	(2,759,932)

Financing facilities available

As at 30 June 2019 the Group had no financing facilities available.

Non Cash Financing and Investing Activities

During the year ended 30 June 2018, following receipt of shareholder approval at the Company's General Meeting held 18 August 2017, the Company completed its acquisition of 50% of Eight South via the issue of a further 20,000,000 consideration shares.

In January 2018, the Company issued 1,000,000 shares in respect of the acquisition of the Darling Range Project.

There were no non-cash financing or investing activities during the year ended 30 June 2019.

9. Restricted Cash

	2019 $	2018 $
Placement funds (refer note 15)	-	207,930
Restricted cash	71,500	-
	71,500	207,930

10. Trade and Other Receivables

	2019 $	2018 $
Placement funds receivable (refer note 15)	-	127,263
Accrued interest	-	330
Prepayments	20,070	50,211
GST receivable	13,273	52,935
Other receivables	2,183	-
	35,526	230,739

11. Plant and Equipment

	2019 $	2018 $
At cost	324,907	318,762
Accumulated depreciation	(206,491)	(173,504)
	118,416	145,258
Balance at beginning of year	145,258	24,525
Acquisitions	6,146	146,452
Depreciation expense	(32,988)	(25,719)
Balance at end of year	118,416	145,258

12. Trade and Other Payables

	2019 $	2018 $
Current		
Trade payables (a)	100,427	173,872
Accruals & other payables	65,438	78,916
Finance lease liability	17,824	16,872
	183,689	269,660
Non-Current		
Finance lease liability	7,721	25,545

(a) The fair value of trade payables approximates the carrying value as presented above due to their short-term nature.

13. Provisions

	2019 $	2018 $
Annual leave provision	52,328	37,057
Long service leave provision	22,866	16,909
	75,194	53,967

14. Issued Capital

	30-Jun-2019 Shares	30-Jun-2018 Shares	30-Jun-2019 $	30-Jun-2018 $
(a) Issued Capital				
Fully paid ordinary shares	396,614,034	385,055,644	20,181,348	19,846,155

(b) Movements in issued capital

	Date	Number of shares	Issued Capital $
Opening balance	1 July 2018	385,055,664	19,846,155
Issue of shares – Tranche 2 Second Placement (i)	5 July 2018	11,558,390	335,193
Closing Balance	30 June 2019	396,614,034	20,181,348

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

Of the Tranche 2 Second Placement funds totaling $335,193:

- $207,930 had been received by the Company as at 30 June 2018 (included in restricted cash) (refer note 9); and
- $127,263 had not yet been received by the Company as at 30 June 2018 (included in receivables) (refer note 10) and was received during the year ended 30 June 2019.

(c) Terms and Conditions of Issued Capital

Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has a vote on a show of hands. Ordinary shares have no par value.

(d) Capital Risk Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern so that the Group can provide returns to shareholders and benefits for other stakeholders whilst maintaining an optimal capital structure to reduce the cost of capital. The Group considers capital to consist of cash reserves on hand and available-for-sale financial assets.

The Group monitors its working capital position against expenditure requirements to undertake its planned exploration program and maintain its ongoing operations. Where required the Group will sell assets, issue new securities, raise debt or modify its exploration program to ensure the Group's working capital requirements are met.

15. Reserves

	2019 $	2018 $
Option reserve (a)	1,624,540	1,624,540
Unissued capital reserve (b)	-	335,193
Balance at the end of the year	1,624,540	1,959,733

(a) Option reserve

Movements in option reserve:

	2019 $	2018 $
Balance at the beginning of the year	1,624,540	1,490,422
Share based payments (refer note 16)	-	134,118
Balance at the end of the year	1,624,540	1,624,540

The nature and purpose of the option reserve is to recognise the fair value of options issued to directors, employees and consultants.

(b) Unissued Capital Reserve

Movements in unissued capital reserve:

	Number of shares	Unissued capital reserve $
Opening balance 1 July 2018	11,558,390	335,193
Placement funds received (i)	(11,558,390)	(335,193)
Closing Balance 30 June 2019	-	-

(i) At 30 June 2018, the Company was obliged to issue 11,588,390 shares in respect of the $335,193 Tranche 2 Second Placement funds received or receivable at balance date, as referred to in note 15(b)(i). The issue of these shares, which were allotted by the Company on 5 July 2018, have been accounted for in unissued capital reserve at balance date.

16. Share-based Payments

Expenses arising from ordinary share payment transactions

Total expenses arising from share-based payment transactions recognised as an expense during the year:

	2019 $	2018 $
Options issued as Director, Employee and Contractor compensation	-	-
	-	-

(a) Unlisted Options

Movements in unlisted options is summarised as follows:

	2019		2018	
	Number of options	Weighted average exercise price (cents)	Number of options	Weighted average exercise price (cents)
Outstanding at the beginning of the year	64,903,450	6.26	14,750,000	8.02
Granted – share based payment expenses recorded through equity (i)	-	-	15,000,000	6.00
Granted – free attaching options (ii)	11,906,594	6.00	41,403,450	6.00
Exercised	-	-	(1,000,000)	3.00
Expired	-	-	(5,250,000)	9.00
Outstanding at year end	76,810,044	6.22	64,903,450	6.26
Exercisable at year end	76,810,044	6.22	64,903,450	6.26

(i) During the prior year, 15,000,000 unlisted options were issued to a broker that assisted with the Second Placement, being the Broker Options. The Broker Options have an exercise price of $0.06 each, expiring 25 June 2021. These options were accounted valued using the Black Scholes Model. The fair value of each option was determined to be 8.94 cents based on the following criteria:

Weighted average exercise price	$0.06
Weighted average life of the options	3.00 years
Underlying share price	$0.015
Expected volatility	139 %
Risk free interest rate	2.13 %

(ii) Participants of the Second Placement were entitled to receive 1 unlisted option for every 2 shares (**Placement Options**). A total of 41,403,450 Placement Options were issued on 5 July 2018 and a total of 11,906,594 Placement Options were issued on 22 August 2018. The Placement Options have an exercise price of $0.06 each, expiring 25 June 2021.

(b) Performance Rights

There were no performance rights issued to Directors, employees or consultants during the year.

As at reporting date, there were a total of $10,500,000 performance rights on issue however none of the vesting conditions have been met and therefore no performance rights have converted to ordinary shares.

17. Earnings Per Share

	2019	2018
(a) Basic loss per share (cents)	(0.53)	(1.49)

(b) Weighted average number of ordinary shares used as the Denominator

Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	396,487,367	281,314,341

(c) Earnings used in calculating earnings per share

Basic earnings per share	(2,104,132)	(4,190,711)

18. Commitments

The Group entered into a 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 to 30 November 2019.

Future Minimum Lease payments as at 30 June 2019 are as follows.

	2019 $	2018 $
Within one year	5,000	16,665
After one year but not more than five years	-	-
More than five years	-	-
Balance at the end of the half year	5,000	16,665

19. Contingent Liabilities and Assets

The Directors are not aware of any contingent liabilities or contingent assets as at 30 June 2019 other than those disclosed in note 3(vi).

20. Subsidiaries

The consolidated financial statements incorporate assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of Entity	Country of incorporation	Class of shares	Equity Holding	
			2019 %	2018 %
Iron Mountain Bauxite Pty Ltd	Australia	Ordinary	100	100
PBX Aus Pty Ltd	Australia	Ordinary	100	100

21. Parent Entity Information

The following details information related to the parent entity, Pacific Bauxite, at 30 June 2019. The information presented here has been prepared using consistent accounting policies as presented in note 1.

	2019 $	2018 $
Current assets	340,606	2,500,777
Non-current assets	4,985,683	4,149,457
Total assets	**5,326,289**	**6,650,234**
Current liabilities	266,606	349,172
Total liabilities	**266,606**	**349,172**
Contributed equity	20,181,348	20,181,348

Accumulated losses	(16,746,203)	(15,504,824)
Reserves	1,624,538	1,624,538
Total equity	**5,059,683**	**6,301,062**
Profit / (Loss) for the year	(1,241,379)	(938,659)
Other comprehensive loss for the year	-	-
Total comprehensive loss for the year	**(1,241,379)**	**(938,659)**

The parent company, Pacific Bauxite has lent an amount of $4,737,958 (2018: $3,881,345) to 100% owned subsidiary Iron Mountain Bauxite Pty Ltd (**IMB**) which represents the investment in Eight South, all expenditure incurred by that entity since acquisition (including its subsidiary Australian Pacific Bauxite Pty Ltd (**APB**)) and other administration costs incurred by IMB.

Other than those disclosed in note 3(vi) and note 20, the Directors are not aware of any contractual commitments or contingent liabilities or assets as at 30 June 2019.

Pacific Bauxite does not have any financial guarantees over bank overdrafts and loans of subsidiaries as at 30 June 2019.

22. Investments in Associates

The investment in Eight South Investments Pty Ltd (previously named AU Capital Mining Pty Ltd) (**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.

a) Movement in Carrying Amount

	2019 **$**	**2018** **$**
Carrying amount at the beginning of the year	-	889,487
Shares issued on acquisition of associate	-	800,000
Minus: Deferred consideration recorded in prior year	-	(340,000)
Share of losses of associate	427,993	(889,504)
Impairment of associate	(427,993)	(459,983)
Carrying amount at the end of the year	-	-

b) Summarised Financial Information of the Associate

The group's share of the results of its principal associates and its aggregated assets and liabilities are as follows:

			Group's share of:		
	Ownership Interest **%**	**Assets** **$**	**Liabilities** **$**	**Revenues** **$**	**Loss** **$**
2019					
Eight South Investments Pty Ltd	50%	-	-	-	-
		-	-	-	-
2018					
Eight South Investments Pty Ltd	50%	-	(65,194)	-	(766,197)
		-	(65,194)	-	(766,197)

Under the terms of the agreement reached Pacific Bauxite is responsible for all costs in maintaining the project and the company itself. All amounts are to be carried as a loan payable to Pacific Bauxite.

c) Contingent Liabilities of the Associate

Eight South does not have any contingent liabilities other than those disclosed in note 3(vi).

d) Loan to the Associate

	2019 $	2018 $
Carrying amount of loan at the beginning of the year	-	-
Expenditure incurred and carried as a loan to the associate	855,986	1,779,008
Impairment of loan to associate	(855,986)	(1,779,008)
Carrying amount at the end of the year	-	-

As at 30 June 2019 the Group impaired the balance of this loan as it has not reached a stage where it can accurately ascertain the recoverability of this amount.

e) Impairment

The carrying amount of the investment in associate was assessed for impairment at 30 June 2019 resulting in an impairment expense of $427,993 (2018: $459,983). The impairment of the Company's investment in associate is considered prudent given that the Company received a letter from the Solomon Islands' Minister of Mines, Energy and Rural Electrification during the period advising that prospecting license PL 01/16 held by Eight South in respect of the Solomon Islands Nendo Bauxite Project had been cancelled (**Minister's Letter**). The receipt of the Minister's Letter was completely unexpected by the Company. The Company has engaged legal counsel and will continue to aggressively pursue the matter for the benefit of all stakeholders.

23. Joint Ventures

Blythe

Forward Mining Ltd continues to progress project assessment requirements for the proposed development of the Rogetta Project in Tasmania.

Under the amended sale agreement, the following consideration is payable to the Group under the following milestones:

1. Payment of A$1,000,000 to the Group upon first shipment of iron ore extracted from the Blythe project tenements;

2. Payment of A$2,000,000 to the Group upon anniversary of first shipment of iron ore extracted from the Blythe project tenements;

3. Payment of A$2,000,000 to the Group upon second anniversary of first shipment of iron ore extracted from the Blythe project tenements; and

4. A royalty of 1.5% payable on the gross Free on Board revenue from all shipments of iron ore from the Rogetta tenements.

Mt Richardson

Pursuant to the agreement reached on the sale of Mt Richardson, a royalty of 2% on average/tonne FOB sales value of iron ore product that departs E29/571 will be payable to Pacific Bauxite 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.

24. Key Management Personnel Disclosures

(a) Key Management Personnel Compensation:

	2019 $	2018 $
Short-term employee benefits	339,586	466,268
Post employment benefits	13,232	24,524
Share-based payment	-	-
	352,818	490,792

The detailed remuneration disclosures are provided in the Remuneration Report.

(b) Equity Instruments Disclosure Relating to Key Management Personnel

At reporting date, the relevant interest of each Director in ordinary fully paid shares and options of the Group were:

2019 **Fully Paid Ordinary Shares**

	Balance at the beginning of the year	Shares Issued as compensation	Exercise of options	Net change other	Balance at the end of the year
Peter Lewis	4,100,000	-	-	-	4,100,000
Craig Smith	-	-	-	-	-
Campbell McKenzie	-	-	-	-	-
John Ciganek	1,720,000	-	-	(1,720,000)[3]	-
Suraj Sanghani	642,000	-	-	(642,000)[2]	-
Brett Smith	1,351,713	-	-	(1,351,713)[1]	-
Pippa Coppin	-	-	-	-	-
Total	7,813,713	-	-	(3,713,713)	4,100,000

[1]At the date of resignation as a Director, Mr Smith held 1,351,713 shares.
[2]At the date of resignation as a Director, Mr Sanghani held 642,000 shares.
[3]At the date of resignation as a Director, Mr Ciganek held 1,720,000 shares.

2018 **Fully Paid Ordinary Shares**

	Balance at the beginning of the year	Shares Issued as compensation	Exercise of options	Net change other	Balance at the end of the year
Brett Smith	1,351,713	-	-	-	1,351,713
Pippa Coppin	-	-	-	-	-
John Ciganek	-	-	-	1,720,000[1]	1,720,000
Peter Lewis	-	-	-	4,100,000[2]	4,100,000
Mark Gwynne	1,351,713	-	-	(1,351,713)[3]	-
Suraj Sanghani	142,000	-	500,000	-	642,000
Total	2,845,426	-	500,000	4,468,287	7,813,713

[1]Mr Ciganek participated in the Second Placement to acquire 1,720,000 shares for $49,880. The shares were issued 5 July 2018.
[2]Mr Lewis participated in the Second Placement to acquire 4,100,000 shares for $118,900. The shares were issued 5 July 2018.
[3]At the date of resignation as a Director, Mr Gwynne held 1,351,713 shares.

2019 **Options**

	Balance at the beginning of the year	Issued as Compen-sation	Exercised	Lapsed	Net change other	Balance at the end of the year
Peter Lewis	2,050,000	-	-	-	-	2,050,000
Craig Smith	-	-	-	-	-	-
Campbell McKenzie	-	-	-	-	-	-
John Ciganek	1,860,000	-	-	-	(1,860,000)[4]	-
Suraj Sanghani	1,000,000	-	-	-	(1,000,000)[3]	-
Brett Smith	2,500,000	-	-	-	(2,500,000)[1]	-
Pippa Coppin	1,000,000	-	-	-	(1,000,000)[2]	-
Total	8,410,000	-	-	-	(6,360,000)	2,050,000

[1]At the date of resignation as a Director, Mr Smith held 2,500,000 options.
[2]At the date of resignation as a Director, Ms Coppin held 1,000,000 option
[3]At the date of resignation as a Director, Mr Sanghani held 1,000,000 options.
[4]At the date of resignation as a Director, Mr Ciganek held 1,860,000 options.

2018 **Options**

	Balance at the beginning of the year	Issued as Compen-sation	Exercised	Lapsed	Net change other	Balance at the end of the year
Brett Smith	2,500,000	-	-	-	-	2,500,000
Pippa Coppin	1,000,000	-	-	-	-	1,000,000
John Ciganek	1,000,000	-	-	-	860,000[1]	1,860,000
Peter Lewis	-	-	-	-	2,050,000[2]	2,050,000
Mark Gwynne	2,500,000	-	-	-	(2,500,000)[3]	-
Suraj Sanghani	1,750,000	-	(500,000)	(250,000)	-	1,000,000
Total	8,750,000	-	(500,000	(250,000)	410,000	8,410,000

[1]In connection with his participation in the Second Placement, Mr Ciganek acquired 860,000 free attaching unlisted options exercisable at $0.06 each expiring 25 June 2021.
[2]In connection with his participation in the Second Placement, Mr Lewis acquired 2,050,000 free attaching unlisted options exercisable at $0.06 each expiring 25 June 2021.
[3]At the date of resignation as a Director, Mr Gwynne held 2,500,000 options.

In addition to the above, performance rights were issued to KMP's as follows:

2019 **Performance Rights**

	Balance at the beginning of the year	Issued as Compensation	Net change other	Balance at the end of the year
Peter Lewis	-	-	-	-
Craig Smith	-	-	-	-
Campbell McKenzie	-	-	-	-
John Ciganek	1,500,000	-	(1,500,000)	-
Suraj Sanghani	1,000,000	-	(1,000,000)	-
Brett Smith	3,000,000	-	(3,000,000)	-
Pippa Coppin	1,500,000	-	(1,500,000)	-
Total	7,000,000	-	(7,000,000)	-

[1]At the date of resignation as a Director, Mr Smith held 3,000,000 performance rights.
[2]At the date of resignation as a Director, Ms Coppin held 1,500,000 performance rights
[3]At the date of resignation as a Director, Mr Sanghani held 1,000,000 performance rights.
[4]At the date of resignation as a Director, Mr Ciganek held 1,500,000 performance rights.

2018	Performance Rights			
	Balance at the beginning of the year	Issued as Compensation	Net change other	Balance at the end of the year
Brett Smith	3,000,000	-	-	3,000,000
Pippa Coppin	1,500,000	-	-	1,500,000
John Ciganek	1,500,000	-	-	1,500,000
Peter Lewis	-	-	-	-
Mark Gwynne	3,000,000	-	(3,000,000)[1]	-
Suraj Sanghani	1,000,000	-	-	1,000,000
Total	10,000,000	-	(3,000,000)	7,000,000

[1]At the date of resignation as a Director, Mr Gwynne held 3,000,000 performance rights.

Refer to the Directors' Report for further details of the options and performance rights.

25. Related Party Transactions

The Company recharged office expenditure to Topaz Corporate Pty Ltd, Director-related entity of Mr Brett Smith. This amounted to $10,234 (2018: $13,708). As at 30 June 2019 no amounts billed remained as receivable (2018: nil).

The Company paid Geo Advisory Services, a Director-related entity of Mr Campbell McKenzie, consulting fees of $8,619 (2018: nil). As at 30 June 2019 no amounts billed remained outstanding for payment (2018: nil).

26. Remuneration of Auditor

	2019	2018
	$	$
Amounts received or due and receivable by Rothsays Auditing for:		
- an audit or review of the financial statements of the entity	27,500	23,000
	27,500	23,000

27. Events Occurring After the Reporting Period

On 28 August 2019, the Company announced the sale of its residual interests in milestone payments and royalties from the Mt Richardson, Rogetta and Golden Camel projects, for a consideration of A$100,000. The transaction completed on 10 September 2019.

On 5 September 2019, the Company announced that Eight South Investments Pty Ltd (**Eight South Investments**), the Company's Nendo joint venture partner, received a letter from the Registrar of the High Court and Court of Appeal of the Solomon Islands confirming that the Attorney-General's Notice of Appeal was filed out of time. Consequently, if the Attorney General wished to further pursue an appeal, he would be first required to bring an application to obtain the leave of the High Court to apply to extend the period for lodging a Notice of Appeal and only then if successful could he again apply to the High Court for leave to bring such an appeal. As the Registrar has now confirmed that there is no appeal currently on foot, Eight South Investments will pursue the extension or renewal of the term of PL 01/16.

On 11 September 2019, the Company announced that it would be undertaking a capital raising by way of a non-renounceable pro-rata rights issue to raise $991,535 (before costs) (**Rights Issue**). Under the Rights Issue eligible shareholders will be able to subscribe for 1 new share for every existing 2 shares they hold at an issue price of $0.005 per share.

No other matters or circumstances have arisen since the end of the 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.

PACIFICBAUXITE LIMITED
DIRECTORS DECLARATION
30 JUNE 2019

In the Directors' opinion:

1. The financial statements and notes set out on pages of Pacific Bauxite Limited for the year ended 30 June 2019 are in accordance with the *Corporations Act 2001*, including:
    a. Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
    b. Giving a true and fair view of the entity's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
    c. Complying with IFRS and interpretations adopted by the International Accounting Standards Board.
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001*.

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

Peter Lewis
Non-Executive Chairman

26 September 2019
Perth, Western Australia

ROTHSAY

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P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PACIFIC BAUXITE LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Pacific Bauxite Limited ("the Company") and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration of the Company.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going Concern

Without qualifying our opinion, we draw attention to Note 1(a) in the financial report. If the Company is unsuccessful in raising further equity capital there may be significant doubt about the Group's ability to continue as a going concern, and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Investment in Associate

The Group incurred significant expenditure during the year in loans to wholly owned subsidiary Iron Mountain Bauxite Pty Ltd which represents the Investment in Associate Eight South Investments Pty Ltd. We do not consider the Investment in Associate to be at a high risk of significant misstatement, or to be subject to a significant level of judgement. However due to the materiality in the context of the financial statements as a whole, the Investment in Associate is considered to be an area which had an effect on our overall strategy and allocation of resources in planning and completing our audit.

Our procedures in auditing the Investment in Associate included but were not limited to the following:

- Testing a sample of payments to the subsidiary Iron Mountain Bauxite Pty Ltd and thence Eight South Investments Pty Ltd to supporting documentation to ensure they were bona fide payments;

- Documenting and assessing the processes and controls in place to record exploration and evaluation transactions;

- Assessing the carrying value of the Investment in Associate and the calculation of the impairment expense; and

- Assessing the recoverability of the loan to the Associate and the calculation of the impairment of the loan.

We have also assessed the appropriateness of the disclosures included in Notes 1 and 22 to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2019.

In our opinion the remuneration report of Pacific Bauxite Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Rothsay

Rothsay Auditing

Dated 26 September 2019

GRSwan

Graham Swan FCA
Partner

ASX Information

Pacific Bauxite Limited is a listed public company incorporated in Australia and with a registered and principal place of business is Level 3, 33 Ord Street West Perth WA 6152.

The substantial shareholders as at 31 August 2019 were:

Substantial Shareholder	Number Held	Percentage
Mr Scott James Dodd <Scott Dodd Family A/C>	30,800,000	7.77%

Distribution of shareholders as at 31 August 2019

Range of Holding	Holders	Shares
1 - 1,000	39	11,644
1,001 - 5,000	232	682,476
5,001 - 10,000	230	2,131,644
10,001 - 100,000	650	26,025,574
Greater than 100,000	397	367,762,696
	1,548	**396,614,034**

Shareholders with less than a marketable parcel - minimum $ 500 parcel at $ 0.005 per unit Minimum parcel size of 100,000 made up of 1,110 holders and 24,751,338 units.

TWENTY LARGEST HOLDERS OF QUOTED ORDINARY SHARES AS AT 31 AUGUST 2019

	Ordinary Shares	
	Number Held	**Percentage of issued shares**
MR SCOTT JAMES DODD	30,800,000	7.77
MR JOHN ROGER DARVALL	11,650,000	2.94
L NARRAMORE NOMINEES PTY LTD	9,056,234	2.28
MR BRIAN HENRY MCCUBBING + MRS ADRIANA MARIA MCCUBBING	9,000,000	2.27
MR NICHOLAS MICHAEL WIXON WILLIS	7,200,000	1.82
DAEM NOMINEES PTY LTD	6,155,250	1.55
GANDRIA CAPITAL PTY LTD	5,306,700	1.34
MR KWOK KWONG LAU	5,200,000	1.31
SAN ANCONA NO 1 PTY LTD	5,000,000	1.26
BRUCE BAADE & ASSOCIATES PTY LTD	4,855,099	1.22
BUDWORTH CAPITAL PTY LTD	4,700,000	1.19
STARLET COURT PTY LTD	4,000,000	1.01
MR PAUL WINSTON ASKINS	3,865,633	0.97
MR JON RUTHERFORD CHOMLEY + MRS PAMELA CHOMLEY	3,799,352	0.96
MR NOEL GEORGE SMITH	3,395,228	0.86
MR BRUCE BAADE	3,372,333	0.85
MR ROLAND MICHAEL JOHNSTON	3,300,000	0.83
AUSTGROWTH INVESTMENTS PTY LTD	3,183,001	0.80
P B LEWIS & CO PTY LTD	3,100,000	0.78
TUSKLODGE PTY LTD	3,018,204	0.76
	129,957,034	**32.77**

Voting Rights

In accordance with the Company's constitution, on show of hands every member present in person or by proxy or attorney or duly authorised representative had one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held. Options do not carry a right to vote.

Unquoted Securities

Unquoted securities on issue at 31 August 2019 include:

1. 8,500,000 unquoted options at $0.08, expiring 1 December 2019. Director Brett Smith holds 2,500,000 options. Directors Pippa Coppin and John Ciganek and Company Secretary Suraj Sanghani each hold 1,000,000 options. Former Director Mark Gwynne holds 2,500,000 options. A consultant holds 500,000 options.

2. 68,310,044 unquoted options at $0.06 each, expiring 25 June 2021.

3. 10,500,000 performance rights that each vest to one fully paid ordinary share upon either the:
   - Commencement of mining at the Nendo Project; or
   - The disposal by Eight South Investments Pty Ltd of the Nendo Project for no less than A$25,000,000. Being a net amount of A$12,500,000 payable to Pacific Bauxite for its 50% interest in Eight South Investments Pty Ltd.

     Each performance right will expire on 1/12/19

   Director Brett Smith holds 3,000,000 performance rights. Directors Pippa Coppin and John Ciganek each hold 1,500,000 performance rights. Company Secretary Suraj Sanghani holds 1,000,000 performance rights. Former Director Mark Gwynne holds 3,000,000 performance rights. A consultant holds 500,000 performance rights.

None of these options or performance rights have any voting rights attached to them.

Shares and Options escrowed

No shares or options are under escrow as at 31 August 2019.

On Market Buy-Back

There is currently no on market buy back being conducted by the Company.

Schedule of Mineral Tenements held as at 30 June 2019

Location	Tenement	Holder	Area	Group's beneficial interest (%)
Solomon Islands[1,2]	PL 04/17	Australian Pacific Bauxite Pty Ltd[2]	236 km^2	50%
Western Australia	ELA 70/5111 EL 70/5112	PBX Aus Pty Ltd	405 km^2	100%

[1]During the June 2018 quarter the Minister of Mines, Energy and Rural Electrification, advised that prospecting license PL 01/16 held by its 50% owned subsidiary Eight South Pty Ltd in respect of the Solomon Islands Nendo Bauxite Project was cancelled.

The Company has formally submitted its appeal documents with the High Court in the Solomon Islands with respect to the cancelation of the Nendo Bauxite Project prospecting licence PL 01/16, refer to commentary above in the annual report.

[2] A wholly owned subsidiary of Eight South Investments Pty Ltd, a Company in which Pacific Bauxite Ltd has a 50% interest.