

QUARTERLY ACTIVITIES REPORT - PERIOD ENDING 30 SEPTEMBER 2019

PERIOD OVERVIEW

Exploration

Nendo Bauxite Project (Nendo) in the Solomon Islands

- The Company's Nendo 50% owned Joint Venture Company, Eight South Investments Pty Ltd (JVC) 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.
- Accordingly, there is no appeal currently on foot or any extension of time to appeal the High Court's decision.
- Prior to the expiry of PL 01/16, the JVC took steps to extend or renew the term of PL 01/16. As the Registrar has now confirmed that there is no appeal currently on foot, the JVC will pursue the extension or renewal of the term of PL 01/16.

Corporate

Sale of Residual Interests in Milestone and Royalty Payments

- The Company entered into a binding agreement with Maincoast Pty Ltd 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.
- Completion of the transaction occurred on 10 September 2019.

Rights Issue

- During the Quarter, the Company announced 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.

Pacific Bauxite Ltd (Pacific Bauxite or Company) (ASX: PBX) is pleased to present its Quarterly Activities Report for the period ending 30 September 2019 (Quarter).

During the Quarter, the Company progressed its legal proceedings regarding the Nendo Bauxite Project (Nendo) Prospecting license PL 01/16 (PL 01/16) held by its 50% owned joint venture company, Eight South Investments Pty Ltd (JVC). The Company was pleased to provide the most recent update on the court proceedings, concerning the JVC's receipt of a letter from the Registrar of the High Court and Court of Appeal of the Solomon Islands confirming that 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.

In corporate matters during the Quarter, the Company entered into a binding agreement with Maincoast Pty Ltd 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 Company also announced a capital raising by way of a non-renounceable pro-rata rights issue to raise approximately \$991,000 (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.

The proposed use of funds raised under the Rights Issue (net of expenses) will be used for legal costs regarding tenure of the Nendo Bauxite Project, exploration work and resource definition work at both the Nendo Bauxite Project and Southwest New Georgia Bauxite Project, as well as for general working capital purposes.

SOLOMON ISLANDS PROJECTS

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.

Following lengthy court proceedings, the Company was pleased to provide the most recent update on the court proceedings (ASX announcement 5 September 2019).

The JVC has 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.

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.

South West New Georgia Project

Project Overview

To date, the Company's exploration at its Southwest New Georgia Bauxite Project (SWNG) in the Western Province of the Solomon Islands (Figure 1) has resulted in the definition of large areas of high-tenor bauxitic soils, grading +40% alumina (Al_2O_3), with characteristics suitable for DSO quality bauxite.

The SWNG Prospecting Licence covers an area of 236km² and targets bauxitic clays on uplifted limestone reef (averaging more than 100m above sea level). Much of the SWNG tenure at appears unexplored and represents a significant exploration opportunity. The area to be explored within SWNG is three times the area being targeted at Nendo.



Figure 1 – Solomon Islands Project Locations

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 at SWNG by Australian companies in the early 1970's identified extensive areas of bauxite mineralisation. The main historical 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 Al₂O₃ and 5% to 10% total SiO₂.

The Company is currently assessing its SWNG strategy, which may include further exploration at new and additional prospects that have previously been identified.

Exploration Target

To date, the Company's exploration activities have reinforced its 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.

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

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

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

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

AUSTRALIAN PROJECT SUMMARY

Sale of Residual Interests in Milestone and Royalty Payments

During the Quarter, 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 (ASX announcement 28 August 2019).

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.

Please refer to the Corporate section of this announcement for Key Terms of the Sale, as well as details regarding the milestone payments and royalties.

Darling Range Bauxite Project, Western Australia

The Darling Range Bauxite Project (Darling Range) is located in the Darling Ranges northeast of Perth, Western Australia, and comprises two Exploration Licence Applications (ELA 70/5111) and one granted Exploration Licence (EL 70/5112).

Pacific Bauxite previously held the tenements covering Darling Range, under its former company name, Iron Mountain Mining (ASX:IRM). The Company sold the Darling Range tenements to Alpha Bauxite Pty Ltd (Alpha) in 2012 (IRM ASX announcements, 6 March 2012 and 24 August 2012). Alpha subsequently surrendered its tenure in June 2017.

Given the Company's previous exposure and understanding of the Darling Range project area, the opportunity to acquire the asset is viewed 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.

The Darling Range project area hosts a JORC 2004 Inferred Mineral Resource estimate of 89.3Mt @ 41.75% total Al₂O₃ and 4.43% reactive SiO₂, inclusive of nine main resource areas over a strike of approximately 75km. See Table 2, below, for Resource details.

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

Table 2: Published JORC (2004) compliant Mineral Resource estimate (IRM, 2011) at a cut-off of 26% Available Al₂O₃.

Proposed Strategy and Activity

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

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

CORPORATE

Cash Position

The Company closed the Quarter with approximately \$156,000 in cash.

Sale of Residual Interests in Milestone and Royalty Payments

During the Quarter, the Company announced 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 (ASX announcement 28 August 2019).

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 and royalties (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. [SEP] [SEP]
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). [SEP] [SEP]
3. Completion is to occur 7 days after the Condition Precedent Date (the Completion Date). [SEP] [SEP]
4. Exclusivity is granted to Maincoast up until the Condition Precedent Date. [SEP]

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.

Rights Issue

During the Quarter, the Company pleased to announce a capital raising by way of a non-renounceable pro-rata rights issue to raise \$991,535 (before costs) (Rights Issue) (ASX announcement 11 September 2019).

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.

The proposed use of funds raised under the Rights Issue (net of expenses) will be used as Legal costs over tenure of the Nendo Bauxite Project, exploration work and resource definition work at both the Nendo Bauxite Project and Southwest New Georgia Bauxite Project, as well as for general working capital purposes.

The Entitlement Issue Prospectus dated 11 September 2019 (Entitlement Offer) was lodged with the Australian Securities and Investments Commission (ASIC) on 11 September 2019. A copy of the prospectus, together with the Entitlement and Acceptance Form, was dispatched to all eligible shareholders on 26 September 2019.

Post Quarter-end, the Company announced that the Closing Date for the Rights Issue has been extended to Friday, 15 November 2019 (ASX announcement 29 October 2019).

Notice of Annual General Meeting

Post Quarter-end, the Company announced it would hold its Annual General Meeting of Shareholders at 10am WST on 29 November 2019; the meeting will take place at 32 Harrogate Street, West Leederville, W.A. (ASX announcement 29 October 2019).

New Projects

The Company continues to review potential acquisitions of new projects. The Company will inform the market as and when definitive agreements have been reached.

Ends.

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

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Competent Person Statement

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

Forward Looking Statements

This announcement contains certain statements that may constitute "forward looking statement". Such statements are only predictions and are subject to inherent risks and uncertainties, which could cause actual values, results, performance achievements to differ materially from those expressed, implied or projected in any forward looking statements.

Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company's prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.

The Company believes that it has a reasonable basis for making the forward-looking Statements in the announcement based on the information contained in this and previous ASX announcements.

The Company is not aware of any new information or data that materially affects the information included in this ASX release, and the Company confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the exploration results in this release continue to apply and have not materially changed.

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

Mining Tenements at 30 September 2019

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

Mining Tenements Cancelled During the Quarter

None to report.

Mining Tenements Acquired During the Quarter

None to report.

Mining Tenements Disposed During the Quarter

None to report.