

QUARTERLY ACTIVITIES REPORT - PERIOD ENDING 31 MARCH 2019

PERIOD OVERVIEW

Nendo Bauxite Project (Nendo) in the Solomon Islands

- Post Quarter-end, the High Court of the Solomon Islands delivered its ruling in relation to the cancellation of the Nendo Bauxite Project Prospecting license PL 01/16, held by the its 50% owned Joint Venture Company, Eight South Investments Pty Ltd (**JVC**). Prior to the expiry of PL 01/16, the JVC took steps to extend or renew the term of PL 01/16, pending the outcome of the court proceedings. The Company and JVC will now pursue the extension or renewal of the term of PL 01/16.

Corporate – Sale of Residual Interests in Milestone and Royalty Payments

- Post Quarter-end, the Company entered into an agreement with Cylinder Cove Pty Ltd for the sale of its residual interests in milestone payments and royalties from the Mt Richardson, Rogetta and Golden Camel projects, for consideration of A\$1.5m.

Pacific Bauxite Ltd (**Pacific Bauxite** or **Company**) (ASX: PBX) is pleased to present its Quarterly Activities Report for the period ending 31 March 2019 (**Quarter**), during which it progressed its legal proceedings regarding the Nendo Bauxite Project (**Nendo**) Prospecting license PL 01/16 (**Prospecting License**), held by the its 50% owned Joint Venture Company, Eight South Investments Pty Ltd (**JVC**).

Post Quarter-end, the Company entered into an agreement with Cylinder Cove Pty Ltd for the sale of its residual interests in milestone payments and royalties from the Mt Richardson, Rogetta and Golden Camel projects, for consideration of A\$1.5m.

SOLOMON ISLANDS PROJECT SUMMARY

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 Nendo 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 received a letter (**Minister's Letter**) from the Solomon Islands' Minister of Mines, Energy and Rural Electrification (**Minister**), advising its cancellation of the Nendo project's prospecting license PL 01/16 (**Prospecting License**) held by the Company's 50% owned subsidiary joint venture company, Eight South Pty Ltd (**JVC**) (ASX announcement 6 June 2018).

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.

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

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.

During the Quarter, 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).

The Associate to the Judge informed the parties to the proceedings that the Court would deliver its decision in relation to the application on 5 April 2019.

The interim injunction granted to the JVC restraining the Director of the Minerals Board and Minister from accepting any applications from, or granting any conflicting tenements to, any person other than the JVC in relation to any minerals in the area described in PL 01/16, pending the determination of the High Court proceedings by the JVC or earlier order, remained in effect.

Post Quarter-end Update on Court Proceedings

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 licence 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 have 30 days from 5 April 2019 within which to file any appeals. The JVC is considering its position in relation to the order that the Minerals Board make the decision on the cancellation of PL 01/16 and whether there was a breach of the Act, Regulation or licence conditions. The JVC is otherwise satisfied with the 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, pending the outcome of the court proceedings. The Company and JVC will now pursue the extension or renewal of the term of PL 01/16.

South West New Georgia 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. Based on these results, the Company believes SWNG has good potential for the definition of large tonnage, DSO mineralisation.

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 Al_2O_3 and 5% to 10% total SiO_2 .

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.

Proposed Activities

The SWNG Prospecting Licence was granted to the Company by the Solomon Islands Government's Ministry of Mines, Energy and Rural Electrification for an initial period of three years and can be extended for two years upon application. A further extension of two years may be applied for, totaling seven years.

The Company has received overwhelming, widespread local support for its proposed prospecting activities at SWNG. The Prospecting Licence was granted following the Company's extensive Awareness Program involving all stakeholders including traditional landowners, local communities, and both Provincial and National Government representatives.

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

AUSTRALIAN PROJECT SUMMARY

Sale of Residual Interests in Milestone and Royalty Payments

Post Quarter-end, the Company announced it has entered into an agreement with Cylinder Cove Pty Ltd (**CCPL**) for the sale of its residual interests in milestone payments and royalties from the Mt Richardson, Rogetta and Golden Camel projects, for consideration of A\$1.5m (ASX announcement 3 April 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.

In addition, there is a royalty of 1.5% payable on the gross Free-on-Board revenue from all iron ore shipments from the Rogetta Project tenements (**Rogetta Royalty**).

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. A\$5,000 to be paid to the Company by CCPL as a non-refundable exclusivity fee within 24 hours.
2. CCPL completing due diligence and the Company obtaining the required consent in relation to the Golden Camel Royalty within 45 days (the **Condition Precedent Date**). If satisfied or waived within that period, a further \$5,000 is to be paid to the Company.
3. Forward Mining Ltd (the current holder of the Rogetta project) not exercising its pre-emptive right to acquire the Rogetta Royalty within 95 days.
4. There will be two completion dates as follows:
 1. Settlement of the Mt Richardson Royalty, the Rogetta Milestone Payments and the Golden Camel Royalty will occur within 30 days of the Condition Precedent Date, and CCPL shall pay the Company A\$1,000,000 on this date.
 2. Settlement of the Rogetta Royalty will occur within 50 days of the Condition Precedent Date, and CCPL shall pay the Company A\$500,000 on this date.

Darling Range Bauxite Project, Western Australia

The Darling Range Bauxite Project (**Darling Range**) is located in the Darling Ranges northeast of Perth, Western Australia (Figure 2). Darling Range comprises two Exploration Licence Applications (ELA 70/5111) and one granted Exploration Licence (EL 70/5112), which cover a total area of 405 km² within the Darling Ranges.

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.

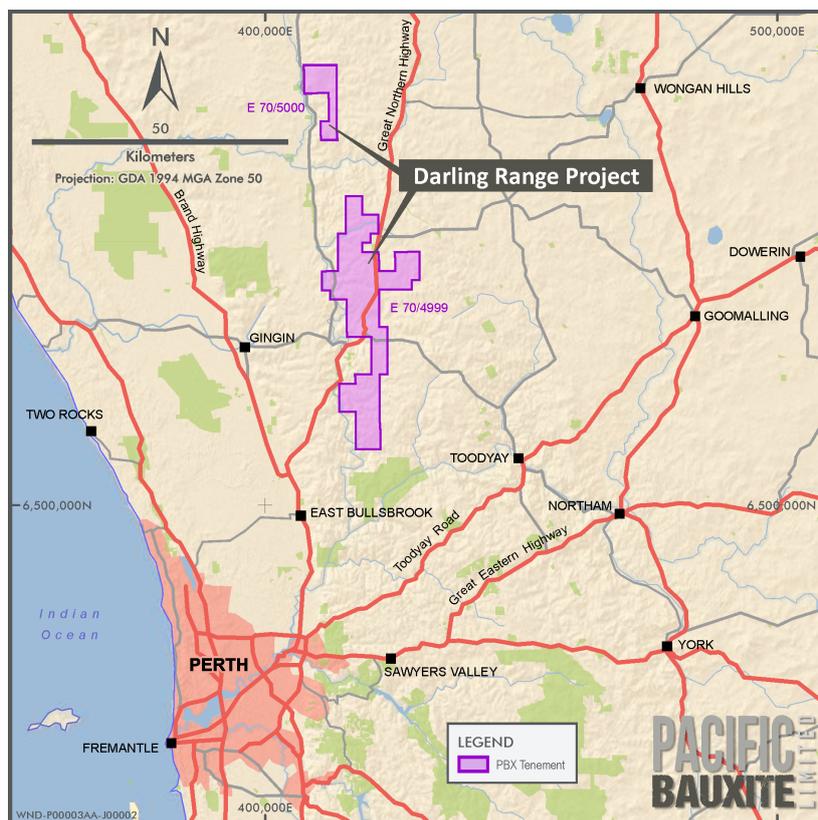


Figure 2 – Darling Range Project Location

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, 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.

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.

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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 \$597,000 in cash.

Sale of Residual Interests in Milestone and Royalty Payments

Post Quarter-end, the Company announced it has entered into an agreement with Cylinder Cove Pty Ltd (**CCPL**) for the sale of its residual interests in milestone payments and royalties from the Mt Richardson, Rogetta and Golden Camel projects, for consideration of A\$1.5m (ASX announcement 3 April 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

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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 31 December 2018

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

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.