

QUARTERLY ACTIVITIES REPORT PERIOD ENDING 31 DECEMBER 2016

PROJECT HIGHLIGHTS

BAUXITE: Nendo Project, Solomon Islands

- **Results from first phase auger drilling and pit sampling at Nendo Project confirmed extensive bauxite mineralisation:**
 - Identified areas of mineralisation significantly higher than historically defined;
 - Main area approximately 12km x 2km and growing;
 - Deposit exhibits average depths of +3m, with some areas +6m.
- **Proposed ongoing fieldwork at Nendo Bauxite Project includes:**
 - Infill auger drilling in higher grade areas for resource definition;
 - Trenching to validate auger sampling methodology;
 - Prospecting for new areas favourable for bauxite mineralisation.
- **Strong public support for Nendo Project activities - ongoing community engagement and awareness.**
- **Pacific Bauxite is targeting high-quality bauxite amenable to direct shipping and low-cost development.**

CORPORATE HIGHLIGHTS

- **Change of company name from Iron Mountain Mining to Pacific Bauxite Limited (ASX: PBX).**

Pacific Bauxite Ltd ("**Pacific Bauxite**" or "**the Company**") (ASX: PBX) is pleased to present its Quarterly Activities Report for the period ending 31 December 2016, during which the Company progressed its activities at the Nendo Bauxite Project ("**the Project**") in the Solomon Islands. The Company also changed its name to Pacific Bauxite Ltd, signifying the Board's commitment to acquiring and developing high-value, low-cost bauxite opportunities close to Asian markets.

The Company has a 50% equity interest in ACM (ASX announcement 30 March 2016) who hold 100% of the high priority Nendo Project (Figure 1), and the Company is in partnership with ACM to explore and potentially develop this Project. The acquisition was subject to the condition precedent that the Nendo Project have the capacity to host a minimum 8Mt bauxite Resource at greater than 45% total Al₂O₃ (alumina) and less than 5% total SiO₂ (silica).

The Company's 2016 comprehensive auger drilling and pit sampling program at the Project identified the presence of widespread high-quality bauxite mineralisation over a large area of uplifted paleo-limestone in the western part of Nendo Island (ASX announcements of 19 May, 7 July and 25 August, 2016), **confirming the Project as a quality asset prospective for direct shipping ore (DSO) bauxite mineralisation**, and satisfying the condition precedent. The main target area presently defined by this work is approximately 12km by 2km and remains open to the east, within similar terrain.

Results indicated the tenor of Al₂O₃ content is fairly consistent, with little variation throughout the soil profile. Importantly, results show that mineralisation has low impurities and low reactive silica content.

Following receipt of government approvals, the Company aims to complete additional field work at the Project. This work includes infill auger drilling in higher grade areas of the Project area for the purpose of delineating a maiden JORC Resource Estimation, as well as the identification of new areas within the Project which are favourable for bauxite mineralisation. The Company anticipates commencing these activities in the near term.

The immediate outlook for bauxite as a commodity remains promising, and the Company believes there is good potential to identify and develop a low-capital cost, DSO style bauxite mining operation at the Project, which potentially offers a simple and very cost effective pathway to development and production.

Nendo Bauxite Project, Solomon Islands - Summary of 2016 Exploration Results

The Company has completed a comprehensive auger drilling and pit sampling program which identified the presence of widespread high-quality bauxite mineralisation over a large area on the western end of Nendo Island (refer Figures 1 and 2).

The main area tested is believed to be depressions in the ancient reef floor of about 4 km², with estimated average bauxite thickness of approximately three (3) metres tested in trenches/pits and up to five metres tested with auger.

A total of 702 samples were taken across 291 sites, of which 169 were tested with conventional auger and 122 with pit/stick auger. This method of exploration and analysis has provided a quick and cost-effective method of assessing mineralisation within the Project.

Results from the initial laboratory samples suggest the field XRF results for total Al₂O₃ are on average 3.2% higher than the laboratory results, and well within acceptable variations for this level of exploration. Many of the samples included in this first batch of submitted lab samples are from areas now considered of lower prospectivity and additional samples have been dispatched from site for laboratory analysis.

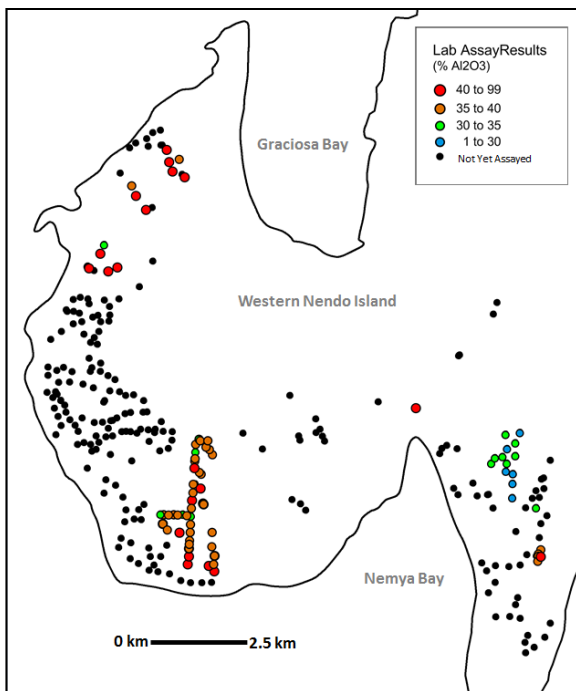


Figure 1: Field XRF Results for Al₂O₃

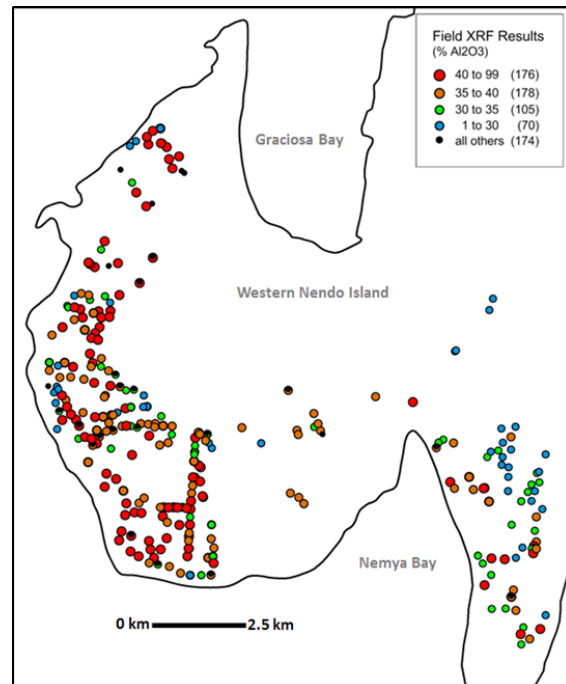


Figure 2: Lab Results (Al₂O₃) (colour) and all sample sites (black).

The work completed to date is reconnaissance in nature and additional exploration, including drilling, is required before estimation of a resource can be completed. The Company's aim has been to cover as much ground as possible in the shortest period of time and there has been no attempt yet to focus on areas of potentially higher-grade mineralisation.

The Company believes there is good potential to identify large areas of high-grade DSO bauxite mineralisation within the Nendo Bauxite Project area.

Average results returned by Field XRF and Laboratory analysis are summarised in the Table 1, below.

Category/Criteria	Al2O3	av_Al2O3	totSiO2	rxSiO2
Field XRF Results				
Samples with <7% SiO2	40.28		4.50	
Samples with <7% SiO2 and +40% Al2O3	43.35		4.22	
Laboratory Results				
Samples with <5% rxSiO2	38.91	30.66	5.48	2.90
Samples with <5% rxSiO2 and +40% Al2O3	41.21	33.34	4.08	2.39

Table 1: Average of results with respect to analytical method and defined criteria.

Al2O3 = Total Alumina

av_Al2O3 = Available Alumina = Gibbsite Alumina + Kaolinite Alumina - Low Temperature Desilication Product.

totSiO2 = SiO2 = Total Silica

rxSiO2 = Reactive Silica

Refer to Table 2 for sample preparation and analytical methodology.

AUSTRALIAN PROJECTS REVIEW

Golden Camel Project, Victoria

Post quarter, the Company sold its entitlement to milestone payments from the Golden Camel Project for a lump-sum payment of \$50,000. The Company confirms receipt of this sum in January 2017. The Company retains a royalty of A\$2/t on all gold ore mined after the first 20,000oz has been produced.

The Golden Camel Project currently contains a Measured, Indicated & Inferred JORC (2012) Resource of 266,000t @ 1.7g/t Au within Mining Licence 5548.

Golden Camel Mining Pty Ltd ("**GCM**") is developing the Golden Camel Project with the aim of completing an extraction of a bulk sample for delivery to a nearby processing facility. Subject to satisfactory trial mining results, GCM will then progress to the full-scale development of the Golden Camel Project. Further updates will be announced as provided by GCM or as identified by the Company.

Mount Richardson Project

Cliffs Asia Pacific Iron Ore Pty Ltd is the owner of E29/571 following finalisation of the sale of the Mt Richardson Project on 13 July 2010. Pacific Bauxite retains a royalty of 2% on average/tonne FOB sales value of iron ore product that departs E29/571 as well as a one off payment of AUD 0.50 per dry metric tonne on tonnages in excess of independently evaluated Indicated or Measured resources of 10,000,000 tonnes.

31 JANUARY 2017

Indicator Project

The Indicator Project target is a historically mined, high grade indicator/quartz vein mineralized system discovered in 1984 as in-situ gold in quartz mineralisation outcropping at surface on the crown of a small hill. The Company is considering its options regarding this project, which may include a small drill program or divestment.

Rogetta Project, Tasmania

The Rogetta Project (formerly Blythe Iron Ore Project) is owned and operated by Forward Mining Ltd. The Company is entitled to a stream of milestone payments and royalty benefits subject to mining commencing at Rogetta. Mining Lease ML1996P/M was granted on 4 June 2015 for a proposed magnetite iron ore mine at Rogetta and is currently has an EPA Assessment in Progress.

Wandoo Project

Pacific Bauxite retains a royalty of A\$0.75 per Dry Metric Tonne on future production of bauxite ore transported from the Wandoo Project tenements following the sale of the project to Alpha Bauxite Pty Ltd in 2012.

CORPORATE

Results of Annual General Meeting

The Company held its Annual General Meeting of Shareholders was held on 25th November 2016 and all resolutions put to the meeting were passed unanimously.

Change of Company Name

Iron Mountain Mining's change of name to Pacific Bauxite Ltd. was formally registered with ASX on 2nd December 2016.

Debt Recovery

Proceedings for the recovery of legal fees paid on behalf of former director Mr Zohar remains stayed pending the outcome of his bankruptcy proceedings. These proceedings are ongoing and the Company will continue to inform the market of any significant updates as and when they occur.

Cash Position

The Company closed the December 2016 quarter with approximately \$277k in cash. Post-quarter, the Company executed an agreement to sell its entitlement to milestone payments from the Golden Camel project in exchange for a lump-sum payment of \$50,000. The Company confirms receipt of this in January 2017.

Ends.

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

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The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Brett Smith, B.Sc Hons (Geol), Member AusIMM, Member AIG, Mr Smith is an employee and Director of the company. Mr Smith has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Smith consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

PBX TENEMENTS

Mining Tenements at 31st December 2016

Location	Tenement	Name	Holder	Equity	Status	Area
VICTORIA						
VIC	EL5540	Indicator	Pacific Bauxite Ltd	100%	Granted	20 grats
SOLOMON ISLANDS						
	PL01/16	Nendo	Pacific Bauxite Ltd	50%	Granted	447 km ²

Mining Tenements Acquired During the Quarter

No mining tenements were acquired or applied for during the quarter ending 31 December 2016.

Mining Tenements Relinquished During the Quarter

PL04/13 (Choiseul Project) was relinquished by the Company and ACM during the quarter ending 31 December 2016.