

28th APRIL 2017

QUARTERLY ACTIVITIES REPORT PERIOD ENDING 31 MARCH 2017

PROJECT HIGHLIGHTS

BAUXITE: Solomon Islands

- **Pacific Bauxite to expand its DSO-prospective bauxite project area in the Solomon Islands via new acquisition of the Noro Bauxite Project**
 - Conditional approval granted for the Noro Prospecting Licence (post March quarter)
 - Historic exploration indicates potential for widespread DSO-grade bauxite, similar to that being targeted at the Company's Nendo Bauxite Project
- **Next phase of exploration at the Nendo Bauxite Project to commence during the current June quarter – proposed exploration fully funded**
 - Proposed ongoing fieldwork at Nendo Bauxite Project includes: infill auger drilling in higher grade areas for resource definition, trenching to validate auger sampling methodology, and prospecting for new areas favourable for bauxite mineralisation
- **Strong public support for Pacific Bauxite's exploration activities - ongoing community engagement and awareness**
- **Pacific Bauxite is targeting high-quality bauxite amenable to direct shipping and low-cost development**

CORPORATE HIGHLIGHTS

- **Placement successfully completed to raise approximately \$780,000**
- **Funds will enable the Company to carry out additional exploration and resource definition drilling at the Nendo and Noro Bauxite Projects in the Solomon Islands**

Pacific Bauxite Ltd ("**Pacific Bauxite**" or "**Company**") (ASX: PBX) is pleased to present its Quarterly Activities Report for the period ending 31 March 2017, during which the Company progressed its activities at the Nendo Bauxite Project ("**Nendo**") in the Solomon Islands. The next phase of exploration at Nendo is due to commence in the current June quarter.

Post quarter, the Company's Solomon Islands Joint Venture with AU Capital Mining Pty Ltd ("**ACM**") received conditional approval for a new Prospecting Licence on the western end of New Georgia Island, known as the Noro Bauxite Project ("**Noro**"). The Company's planned exploration activities at both the Nendo and Noro projects are fully funded, following the recently completed placement to raise approximately \$780,000.

The presence of bauxite in the Solomon Islands has been known since shortly after World War II. However, until recent mining on Rennell Island by Asia Pacific Investment & Development Limited, plans to develop these deposits has never proceeded further than bulk samples for pilot plant test work.

Bauxite in the Solomon Islands is predominantly 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 the growing alumina demand in China and the Asia Pacific Region.

The Company believes there remains enormous scope to explore and validate historically reported occurrences of bauxite in the Solomon Islands with a view to establishing a premium grade direct shipping ore ("**DSO**") bauxite operation for export into the Asian market.

Nendo Bauxite Project, Solomon Islands – Next Phase of Exploration to Commence

Post quarter, Pacific Bauxite was pleased to advise that its next phase of exploration at the Nendo bauxite project will commence in the immediate future (ASX announcement 27 April 2017). This phase of exploration will target higher grade areas of bauxite and provide sufficient data to allow determination of an exploration target, and possibly interim resource estimates.

Exploration will also continue to test prospective new areas with auger drilling.

The Company's prior exploration activities at Nendo have confirmed extensive areas of potentially high-grade DSO bauxite mineralisation (ASX announcement, 27 September 2016). The Company has delineated an initial priority target area of approximately 12km by 2km, however much of the Nendo project area remains unexplored.

The Company's 2016 comprehensive auger drilling sampling program at Nendo 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 that Nendo represents a quality asset prospective for DSO bauxite mineralisation.** The main target area presently defined by this work is approximately 12km by 2km and remains open to the east, within similar terrain.

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 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.

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

Category/Criteria	Total Al ₂ O ₃	Total SiO ₂	av_Al ₂ O ₃	rxSiO ₂
	(%)	(%)	(%)	(%)
Field XRF Results				
Samples with <7% SiO ₂	40.28	4.50		
Samples with <7% SiO ₂ and +40% Al ₂ O ₃	43.35	4.22		
Laboratory Results				
Samples with <5% rxSiO ₂	38.91	5.48	30.66	2.90
Samples with <5% rxSiO ₂ and +40% Al ₂ O ₃	41.21	4.08	33.34	2.39

Table 1: Field XRF and Laboratory Analysis

Table Notes:

Al ₂ O ₃ = Total Alumina
av_Al ₂ O ₃ = Available Alumina = Gibbsite Alumina + Kaolinite Alumina - Low Temperature Desilication Product.
totSiO ₂ = SiO ₂ = Total Silica
rxSiO ₂ = Reactive Silica

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 Nendo, which potentially offers a simple and very cost effective pathway to development and production.

Noro Bauxite Project, Solomon Islands – New Project Acquisition

Post quarter, Pacific Bauxite was pleased to advise the receipt of conditional approval from the Minerals Board of the Solomon Islands Government for the acquisition of the prospective Noro Bauxite Project, located in the western end of the New Georgia Island (Figure 1).

The Prospecting Licence application was made in the name of Australian Pacific Bauxite Pty Ltd, a wholly owned subsidiary of AU Capital Mining Pty Ltd – the joint venture between Pacific Bauxite (50% ownership and operator) and private Australian entities.

The conditional approvals provided by the Solomon Island Government include a Letter of Intent permitting the Company to negotiate standard Surface Access Agreements with traditional land owners and stake holders within the licence area. Upon successful completion of surface access agreements, these documents will be submitted to the Department of Mines, Minerals and Rural Electrification for final approval.

The Noro Prospecting Licence application covers an area of 236km² and targets uplifted limestone reef, analogous in nature to the Company's lead asset, the Nendo bauxite project (ASX announcement, 27 September 2016). Largely unexplored, Noro represents a significant exploration opportunity for Pacific Bauxite.

Historical work at Noro 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 campaign of drilling focused on an area of approximately 3.5km by 1km 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 believes the Noro project is prospective for large tonnage, DSO, bauxite mineralisation. This style of mineralisation provides the opportunity for inexpensive resource definition and a simple, low cost dig-load-ship style mining operation.



Figure 1 – Project Locations

AUSTRALIAN PROJECTS REVIEW

Golden Camel Project, Victoria

During the quarter, the Company sold its entitlement to milestone payments from the Golden Camel Project for a lump-sum payment of \$50,000. 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.

Indicator Project

Post quarter-end, the Company formally surrendered this tenement.

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

Cash Position

The Company closed the March 2017 quarter with approximately \$127,000 in cash. Post-quarter, the Company successfully completed a placement to raise approximately \$780,000.

Placement

Post quarter, the Company was pleased to announce it had received commitments from sophisticated professional investors to raise up to approximately \$780,000 at an issue price of \$0.02 per share. The capital raising resulted in the issue of approximately 38.98 million PBX shares (ASX announcement 7 April 2017).

The funds raised pursuant to the placement will be used primarily to fund exploration at the Company's Nendo and Noro bauxite projects in the Solomon Islands, as well as provide the capacity to pursue

additional bauxite project opportunities in the region. A portion of the funds raised will also be used for working capital purposes

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.

Ends.

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

Mark Gwynne

Chairman

Pacific Bauxite Ltd.

P: +61 (8) 9481 4478

E: info@pacificbauxite.com.au

James Moses

Media and Investor Relations

Mandate Corporate

M: +61 (0) 420 991 574

E: james@mandatecorporate.com.au

Competent Persons Statement

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 March 2017

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 March 2017.