

## QUARTERLY ACTIVITIES REPORT

PERIOD ENDING 30 JUNE 2017

### PROJECT HIGHLIGHTS

- **Pacific Bauxite to acquire Southwest New Georgia Bauxite Project in the Solomon Islands – acquisition will expand its DSO-prospective bauxite footprint in the region:**
  - Historic exploration indicates potential for widespread DSO-grade bauxite, similar to targets at the Company's Nendo Bauxite Project;
  - Surface Access Agreements completed with traditional landowners; and
  - Conditional approval for Prospecting Licence granted - final approval pending.
- **Next phase of exploration at the Nendo Bauxite Project to commence in August:**
  - Proposed fieldwork at the Nendo Project will target high-grade bauxite mineralisation for resource definition.
- **Ongoing local community engagement and awareness programs have resulted in a continued ground-swell of public support for Pacific Bauxite's exploration activities.**
- **Pacific Bauxite is targeting high-quality bauxite amenable to direct shipping, low-cost development - no on-site processing, and minimal environmental impact.**

Pacific Bauxite Ltd ("**Pacific Bauxite**" or "**Company**") (ASX: PBX) is pleased to present its Quarterly Activities Report for the period ending 30 June 2017.

During the Quarter, the Company focused on its priority Nendo Bauxite Project ("**Nendo**") and also received conditional approval for a new Prospecting Licence on the western end of New Georgia Island, known as the Southwest New Georgia Bauxite Project ("**SW New Georgia**") (formerly named "Noro Bauxite Project"). Both projects are located in the Solomon Islands (Figure 1).

Pacific Bauxite is seeking to establish premium grade bauxite mining operations at its projects in the Asia-Pacific region for export into the Asian market. Enormous scope exists to identify and develop significant bauxite deposits within the region. Exploration activity for this style of bauxite deposit has increased significantly in recent years, coincident with an increase in demand for high quality bauxite to feed the growing alumina industry in Asia.

### Quarterly Activities

#### ***Nendo Bauxite Project, Solomon Islands***

During the Quarter, a new Provincial Government was elected for the Temotu Province, where the Nendo Bauxite Project is situated. Given the change in government, the Company's core focus for the quarter was to engage with the new government to maintain the existing

positive company-government relationship. With this goal in mind, the Company completed and implemented a new Awareness Program regarding its activities and objectives at the Nendo Project. This program has been well received by both the government and local community.

The Company would like to note that its activities at the Nendo Project were impacted during the Quarter by a minority group supported by an offshore mining company seeking to pursue the bauxite deposits covered by Pacific Bauxite's Prospecting License. The Company believes this group disseminated mis-information regarding Pacific Bauxite's activities and plans for the Nendo Project, and that this mining company was operating illegally on the island. The actions of this minority group caused unnecessary concerns in some sections of the community, which the Company successfully addressed via its Awareness Program during the Quarter.

Pacific Bauxite now looks forward to progressing its activities at the Project in the current quarter. All equipment and supplies required for the next phase of work has been delivered to site and it is expected this work will commence in August.

The proposed next phase of exploration will target higher-grade areas of bauxite mineralisation and provide sufficient data to allow determination of relevant Exploration Targets and Resource estimates. Exploration will also continue to test prospective new areas with auger drilling.



Figure 1 – Project Locations

## On-going Community Engagement

Prior to, and as a condition for, the granting of the Prospecting Licence at both Nendo and SW New Georgia, the Company completed extensive education and awareness presentations with the local communities and landowners. This activity was overseen, documented and photographed by a representative of the Department of Mines, Minerals

and Rural Electrification (National Government). In support of this process, it is the Company's policy to provide ongoing awareness programs and information to the local communities to ensure that all stakeholders are fully informed of the Company's activities on an ongoing basis.

To date, the Company has completed first phase reconnaissance prospecting at Nendo and has identified significant areas of bauxite mineralisation (ASX announcements of 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 provides transparency of the Company's activities and the opportunity to educate and inform the local communities of the resources existing on their land.

The Company has not conducted sufficient work to warrant a decision to mine bauxite on either of the projects. Should this occur, the Company would be required to submit comprehensive mining, social and environmental studies for scrutiny and approval by the national and provincial governments, as well as (and most importantly) the landowners. As a matter of course, for the benefit of all stakeholders including Pacific Bauxite shareholders, these requirements would be completed to best practice standards as required in the Solomon Islands and Australia.

Regardless of location, any proposal for mining needs to address rehabilitation and sustainability. It is one of the Company's beliefs - and a key social and corporate responsibility - that any successful mining operation must identify and provide on-going, long-term benefits for the local communities. The Company's approach would be based on long-term sustainable land use, not short-term gain.

### ***Pacific Bauxite's Support for New National Minerals Policy***

During the Quarter, the National Government gazetted a new National Minerals Policy (5<sup>th</sup> June 2017). The new policy clearly defines both the increased rights of traditional landowners in respect to prospecting and mining, as well as the responsibilities of prospectors and potential miners with regard to traditional landowners, culture, customs and the environment. Pacific Bauxite and its joint venture subsidiaries are actively working with the Provincial and Federal Governments, and the local landowners in the Solomon Islands to ensure transparency and awareness. The Company strongly supports the new policy - and had commenced working under the guidelines of the policy prior to its release - and welcomes the certainty of rights it provides for traditional landowners.

### ***SW New Georgia Bauxite Project, Solomon Islands – New Project Acquisition***

During the Quarter, Pacific Bauxite was granted conditional approval from the Minerals Board of the Solomon Islands Government for the acquisition of the prospective South West New Georgia Bauxite Project, located in the western end of the New Georgia Island (ASX announcement, 27 April 2017).

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 included a Letter of Intent permitting the Company to negotiate standard Surface Access Agreements with

traditional landowners and stakeholders within the licence area. This work has been completed and submitted to the Department of Mines, Minerals and Rural Electrification for final approval by the Minister.

The Company believes the Project is prospective for large tonnage, DSO, bauxite mineralisation, and plans to commence a first phase exploration program on receipt of final approval.

A summary of this project is provided within.

## **SOLOMON ISLANDS PROJECT SUMMARY**

### ***Nendo Bauxite Project***

During the quarter, the Company progressed its activities at the Nendo bauxite project, focusing on its community awareness program prior to the imminent recommencement of its exploration activities. This next 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.

Exploration by Pacific Bauxite at the Nendo Project has confirmed the area is prospective for DSO quality bauxite mineralisation. The Company's 2016 auger sampling program identified the presence high-quality bauxite mineralisation over a large area of uplifted paleo-limestone (approximately 100 metres above sea level) in the western part of Nendo Island (ASX announcements of 19 May, 7 July, 25 August and 27 September 2016). This work has delineated an initial priority target area of approximately 12km by 2km, however much of the Nendo project area remains unexplored.

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 Nendo.

The Company's results indicated the tenor of Al<sub>2</sub>O<sub>3</sub> 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 <sub>2</sub> O <sub>3</sub>	Total SiO <sub>2</sub>	av_Al <sub>2</sub> O <sub>3</sub>	rxSiO <sub>2</sub>
	(%)	(%)	(%)	(%)
<b>Field XRF Results</b>				
Samples with <7% SiO <sub>2</sub>	40.28	4.50		
Samples with <7% SiO <sub>2</sub> and +40% Al <sub>2</sub> O <sub>3</sub>	43.35	4.22		
<b>Laboratory Results</b>				
Samples with <5% rxSiO <sub>2</sub>	38.91	5.48	30.66	2.90
Samples with <5% rxSiO <sub>2</sub> and +40% Al <sub>2</sub> O <sub>3</sub>	<b>41.21</b>	<b>4.08</b>	<b>33.34</b>	<b>2.39</b>

**Table 1: Field XRF and Laboratory Analysis**

**Table Notes:**

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

## **SW New Georgia Bauxite Project**

The SW New Georgia Prospecting Licence application covers an area of 236km<sup>2</sup> and targets uplifted limestone reef, analogous in nature to the Company's lead asset, the Nendo bauxite project (ASX announcement, 27 April 2017). Largely unexplored, SW New Georgia represents a significant exploration opportunity for Pacific Bauxite.

Historical work at SW New Georgia 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 Al<sub>2</sub>O<sub>3</sub> and 5% to 10% total SiO<sub>2</sub>.**

The Company believes the SW New Georgia 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.

## **AUSTRALIAN PROJECT SUMMARY**

### **Golden Camel Project, Victoria**

Pacific Bauxite retains a royalty of A\$2/t on all gold ore mined after the first 20,000oz has been produced from the Golden Camel Project, which 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 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**

During the Quarter, 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's royalty on future production of bauxite ore transported from the Wandoo Project has lapsed, following the surrender of the Wandoo tenement by Alpha Bauxite Pty Ltd.

## **CORPORATE**

### **Placement Completed**

During the Quarter, the Company completed a Placement to sophisticated professional investors of \$780,000 via the issue of 38.98 million PBX shares at a price of \$0.02 per share. The funds raised will be used to progress exploration activities at the Company's bauxite projects in the Solomon Islands, and for working capital purposes.

The Placement utilised the full capacity of the Company's existing capacity under ASX Listing Rules 7.1 and approximately 15,593,344 shares under the Company's capacity under 7.1A.

### **Cash Position**

The Company closed the June 2017 quarter with approximately \$455,000 in cash.

On 20 July 2017 the Company mailed a notice of meeting to shareholders for a meeting to be held on 18 August 2017.

### **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. The Company will incur no expenses for this process.

**Ends.**

For further information, visit [www.pacificbauxite.com.au](http://www.pacificbauxite.com.au) or contact:

Mark Gwynne

**Chairman**

**Pacific Bauxite Ltd.**

P: +61 (8) 9481 4478

E: [info@pacificbauxite.com.au](mailto:info@pacificbauxite.com.au)

James Moses

**Media and Investor Relations**

**Mandate Corporate**

M: +61 (0) 420 991 574

E: [james@mandatecorporate.com.au](mailto:james@mandatecorporate.com.au)

## **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 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*

## **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 INTERESTE IN MINING TENEMENTS  
(as required by ASX Listing Rule 5.3.3)**

**Mining Tenements at 30<sup>th</sup> June 2017**

Location	Tenement	Name	Holder	Equity	Status	Area
<b>SOLOMON ISLANDS</b>						
	PL01/16	Nendo	Pacific Bauxite Ltd	50%	Granted	447 km <sup>2</sup>

**Mining Tenements Acquired During the Quarter**

The SW New Georgia prospecting licence (referred to as a mining tenement for the purposes of this schedule) in the Solomon Islands was applied for during the quarter ending 30 June 2017. The Company has received conditional approval for the prospecting licence from the Minerals Board of the Solomon Islands Government (ASX announcement, 27 April 2017), with the final approval and granting of this PL subject to approval by the Minister.

**Mining Tenements Relinquished During the Quarter**

EL5540 (Indicator project in Victoria) was relinquished during the quarter ending 30 June 2017