

13 January 2021

DECEMBER 2019 QUARTERLY REPORT

Pacific Bauxite Ltd (**Pacific Bauxite** or **Company**) (ASX: PBX) provides its Quarterly Activities Report for the period ending 31 December 2019 (**Quarter**).

CORPORATE

VOLUNTARY ADMINISTRATION

On 24 December 2019, Pacific Bauxite announced that Messrs Richard Albarran and Cameron Shaw of Hall Chadwick Chartered Accountants were appointed as Joint and Several Voluntary Administrators of the Company pursuant to Section 436A of the Corporations Act 2001 on 23 December 2019 (**Voluntary Administration**).

BOARD CHANGES

On 23 December 2019, the Company advised the resignations of Mr Craig Smith and Mr Campbell McKenzie as Non-Executive Directors of the Company, effective immediately.

On the same day, the Company announced the resignation of Joint Company Secretaries Ms Melissa Chapman and Ms Catherine Grant-Edwards, effective immediately.

ANNUAL GENERAL MEETING RESULTS

On 29 November 2019, the Company held its 2019 Annual General Meeting (**AGM**), and all resolutions were passed on a show of hands.

AMENDED CONSTITUTION

On 29 November 2019, the Company adopted an amended constitution as approved by shareholders at its AGM held on the same day.

CHANGE OF REGISTERED ADDRESS

On 17 December 2019, the Company announced the change of its principal place of business and registered office address.

RIGHTS ISSUE

On 11 September 2019, the Company announced 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 were 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) were to be used to cover the 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.

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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.

During the Quarter, the Company announced that the Closing Date for the Rights Issue had been extended to 27 December 2019 (ASX announcement 10 December 2019).

The Rights Issue failed to attract meaningful support and as such, the Rights Issue did not complete prior to the Company being placed into Voluntary Administration. The Voluntary Administrators subsequently refunded subscription funds in January 2020.

FINANCIALS

APPENDIX 5B QUARTERLY REPORT AND STATEMENT OF CASH FLOWS

The ASX Appendix 5B quarterly report is attached to and lodged with this report. The Company's Appendix 5B Quarterly Report covers the 3-month period from 1 October 2019 to 31 December 2019.

The Company remained in voluntary suspension at 31 December 2019.

PAYMENTS TO RELATED PARTIES AND THEIR ASSOCIATES

In accordance with ASX Listing Rule 5.3.5, there was no payments to related parties of the Company and their associates during the Quarter.

PROJECTS

NENDO BAUXITE PROJECT

The Nendo Bauxite Project (**Nendo**) is located in the Solomon Islands as shown in figure 1:



Figure 1 – Solomon Islands Project Locations

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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 provided an update on the court proceedings (ASX announcement 5 September 2019).

The 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. 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.

On 13 September 2019, the Attorney General filed an application for leave to file an appeal out of time and on 29 October 2019, the Court of Appeal advised that the Attorney General's application for leave had been granted.

On 6 December 2019, the Court of Appeal ordered that the parties to the proceedings were to provide submissions to the Court.

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 appeal.

SOLOMON ISLANDS PROJECTS

On 13 December 2019, the Company announced that following a number of unsolicited approaches, Pacific Bauxite had decided to divest its Solomon Islands bauxite projects.

The Board confirmed that this would allow them to focus on Australian assets which present lower sovereign risk hurdles, a better proposition for growth and most importantly of benefit to shareholders.

EBAGOOLA SOUTH GOLD PROJECT

On 15 November 2019, the Company announced that it has executed a binding option agreement pursuant to which it has been granted a 6-month option to acquire a 50% interest in the Ebagoola South Gold Project (**Ebagoola Project**) from Australian gold explorer, Australian Metals Corporation Pty Ltd (**AMC**).

The Ebagoola Project is located in Ebagoola, Queensland and comprises EPM 26678 as shown in figure 1 below.

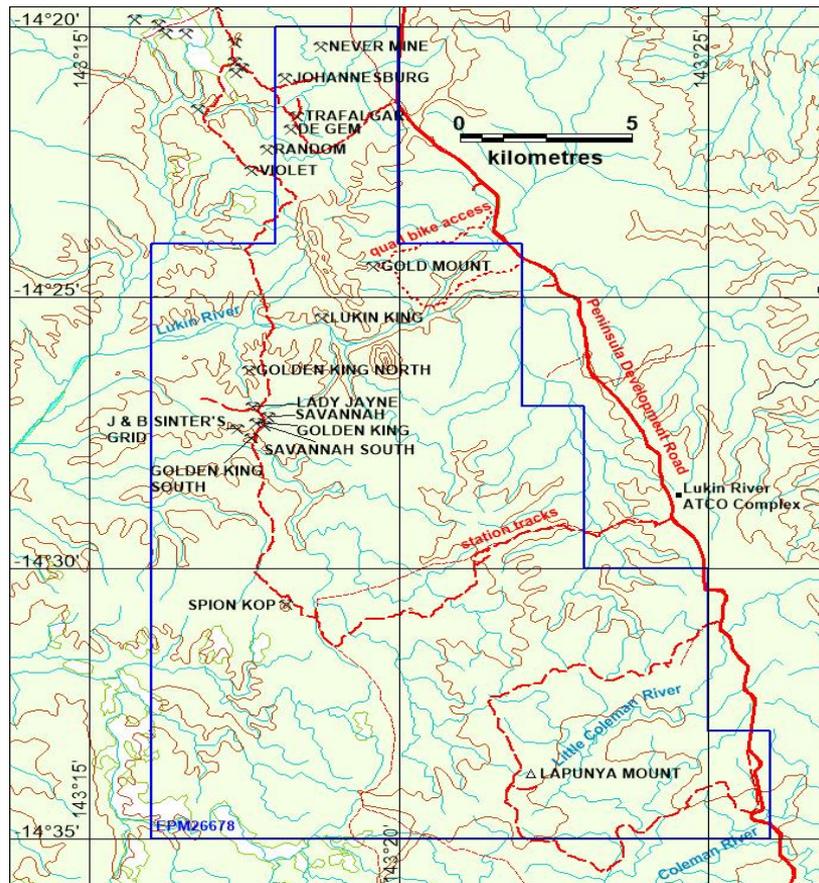


Figure 1 – Ebagoola Project tenement and historic prospect location

The acquisition of a 50% interest in the Ebagoola Project (**Acquisition**) would have resulted in the Company diversifying its project portfolio to include gold and expanding its Australian operations. PBX considered this to be an attractive investment opportunity in light of a rising gold price and increased investor interest in the sector. Further, PBX believed that the expansion of operations in Australia, with its stable political and regulatory environment, would have improved the Company's overall risk profile by offsetting the political and regulatory uncertainties inherent in conducting operations in the Solomon Islands.

For further detailed proposed terms and conditions of the Acquisition, refer to the ASX announcement 15 November 2019.

The Acquisition did not complete prior to the Company being placed into Voluntary Administration.

Authorised for release by the Joint and Several Deed Administrators of Pacific Bauxite Limited.

Ends.

For further information please contact:

Shareholder Enquiries – Justin Smith
 JSmith@hallchadwick.com.au or (08) 6557 6200

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

Mining Tenements at 31 December 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 | Darling Range | Pacific Bauxite Ltd | 100% | Application Pending | Total 405 km ² |
| | EL 70/5112 | Darling Range | Pacific Bauxite Ltd | 100% | Granted | |

The Company advises that during the June 2018 quarter, the Minister of Mines, Energy and Rural Electrification, advised that prospecting license PL 01/16, held by the Company's subsidiary Eight South Investments Pty Ltd, in respect to the Nendo Bauxite Project was cancelled.

The Company refers to the commentary included in the Quarterly Report.

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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Pacific Bauxite Ltd

ABN

62 112 914 459

Quarter ended ("current quarter")

31 December 2019

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | 4* |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (27) | (75) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (14) | (92) |
| (e) administration and corporate costs | (83) | (170)* |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | - |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (refunds of costs) | - | 50 |
| Other (Ebagoola DD costs) | (10) | (10) |
| 1.9 Net cash from / (used in) operating activities | (134) | (293) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) tenements | - | - |
| (c) property, plant and equipment | - | - |
| (d) exploration & evaluation | - | - |
| (e) investments | - | - |
| (f) other non-current assets | - | - |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | 100 |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (royalty sale costs) | - | (10) |
| 2.6 | Net cash from / (used in) investing activities | - | 90 |

| | | | |
|-------------|---|------------|------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (payment for financial lease liabilities) | (4) | (8) |
| 3.10 | Net cash from / (used in) financing activities | (4) | (8) |

| | | | |
|-----------|--|-------|-------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 156 | 234 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (134) | (293) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | 90 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (4) | (8) |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|---|------------------------------------|--|
| 4.5 | Effect of movement in exchange rates on cash held | (1) | (6) |
| 4.6 | Cash and cash equivalents at end of period | 17 | 17 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|---|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 17 | 156 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 17 | 156 |

* Includes the reallocation of GST on receivable to the value of \$9k from the September 2019 quarter

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|-----------|---|------------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | - |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

| 7. | Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|-----------|---|---|--|
| 7.1 | Loan facilities | - | - |
| 7.2 | Credit standby arrangements | - | - |
| 7.3 | Other (please specify) | - | - |
| 7.4 | Total financing facilities | - | - |
| 7.5 | Unused financing facilities available at quarter end | | - |
| 7.6 | Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |
| | <div style="border: 1px solid black; height: 40px;"></div> | | |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| 8. | Estimated cash available for future operating activities | \$A'000 |
|-------|---|---------|
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | (134) |
| 8.2 | (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | - |
| 8.3 | Total relevant outgoings (item 8.1 + item 8.2) | (134) |
| 8.4 | Cash and cash equivalents at quarter end (item 4.6) | 17 |
| 8.5 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 | Total available funding (item 8.4 + item 8.5) | 17 |
| 8.7 | Estimated quarters of funding available (item 8.6 divided by item 8.3) | 0.13 |
| | <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i> | |
| 8.8 | If item 8.7 is less than 2 quarters, please provide answers to the following questions: | |
| 8.8.1 | Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | |
| | No. On 24 December 2019 Pacific Bauxite announced that Messrs Richard Albarran and Cameron Shaw of Hall Chadwick Chartered Accountants were appointed as Joint and Several Voluntary Administrators of the Company pursuant to Section 436A of the Corporations Act 2001 on 23 December 2019 (Voluntary Administration). | |
| 8.8.2 | Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? | |
| | Yes. On 18 June 2020, the Administrators convened a second meeting of creditors of the Company pursuant to Section 439A of the Corporations Act 2001 (Second Creditors Meeting). The purpose of the Second Creditors Meeting was to determine the future of the Company. At the Second Creditor Meeting, the Company resolved that the Deed of Company Arrangement (DOCA) proposal presented by First Guardian Synergy Capital Limited be accepted by the Company. | |
| 8.8.3 | Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? | |
| | Yes, refer to response under section 8.8.1 and 8.8.2. | |
| | <i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i> | |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 13 January 2021.....

Authorised by: Cameron Shaw – Joint and Several Deed Administrator.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.