

15th January 2018

PACIFIC BAUXITE ACQUIRES NEW BAUXITE PROJECT IN WESTERN AUSTRALIA

HIGHLIGHTS

- Pacific Bauxite has acquired the Darling Range Bauxite Project in Western Australia.
- The Project comprises two Exploration Licence Applications over a total area of 405 km²s, approximately 60 kms northeast of Perth.
- The Project hosts a JORC 2004 Inferred Resource of 89.3Mt @ 41.75 % Al₂O₃.
- Upgrading resources to JORC 2012 compliance to be completed subsequent to the granting of the leases.
- The Company will undertake an extensive review of competing land-use, access and infrastructure in its assessment of the historical resources within the Project.
- The Darling Range Bauxite Project provides the Company with a low cost entry point to an advanced bauxite project in an established, globally recognised bauxite region.
- The acquisition is consistent with the Company's strategy to secure high quality bauxite assets in targeted jurisdictions to meet forecast growth in bauxite demand.
- Complements the Company's existing DSO-quality bauxite exploration projects

Pacific Bauxite Limited (ASX: PBX) ("**Pacific Bauxite**" or "**Company**") is pleased to announce it has acquired two Exploration Licence Applications which comprise the Darling Range Bauxite Project, located in the Darling Ranges northeast of Perth in Western Australia ("**Project**").

The acquisition of the Project is consistent with the Company's strategy to build a portfolio of high quality bauxite assets in targeted jurisdictions, to take advantage of a forecast near term growth in global bauxite demand.

The Darling Range Bauxite Project

The Darling Range Bauxite Project comprises two Exploration Licence Applications (ELA 70/4999 and 70/5000), which cover a total area of 405 km² within the Darling Ranges, approximately 60 km northeast of Perth (Figure 1).

The Project area hosts a JORC 2004 inferred mineral Resource estimate of 89.3Mt @ 41.75% total Al₂O₃ (aluminium oxide) and 4.43% reactive (soluble) SiO₂ (silicon dioxide), inclusive of nine main resource areas over a strike of approximately 75km. See Table 1 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 1:- Published JORC (2004) compliant resource estimate (IRM, 2011) at a cut-off of 26% Available Al₂O₃.

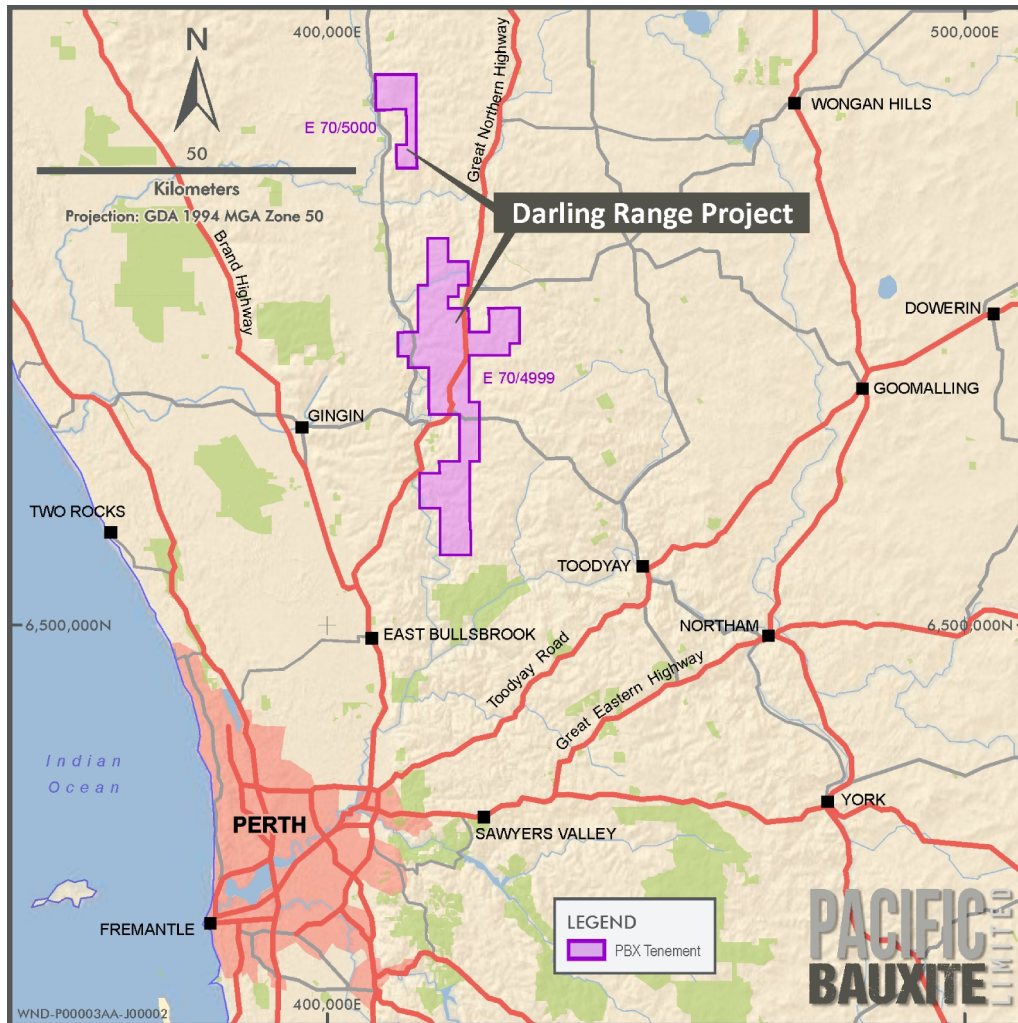


Figure 1 – Darling Range Project Location

Areas covered by the Project's tenement applications were previously held by Pacific Bauxite (under its previous name Iron Mountain Mining Ltd (ASX: IRM)). The Company sold the Darling Range tenements to Chinese-backed private mineral resources investment company Alpha Bauxite Pty Ltd ("**Alpha**") in 2012 (refer to Company/IRM ASX announcements dated 6 March 2012 and 24 August 2012). Alpha subsequently surrendered its tenure in June 2017, without appearing to advance the assets.

Given the Company's previous exposure and understanding of the Project area, it views the opportunity to acquire the asset as a highly attractive, low-cost entry point to a potentially

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high quality, advanced bauxite project with significant upside, in a major, established bauxite region.

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 South32's Worsley Alumina and Alcoa.

Proposed Strategy and Activity

Upon the successful granting of the Exploration Licence Applications by the Western Australia Department of Mines, Industry Regulation and Safety, Pacific Bauxite plans to assess and review the JORC 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 area within the Project, and expand the Project area.

The Darling Range Project tenements are subject to multiple and varied land-use stakeholders,. The Company will undertake an extensive 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 field work.

The Agreement

In consideration for assisting the Company to acquire the Project, Pacific Bauxite agreed to:

- issue 1,000,000 fully paid ordinary shares in Pacific Bauxite to Nearology Pty Ltd ("Nearology") which were issued on settlement; and
- pay Nearology a one-off cash payment of \$30,000, with payment deferred subsequent to any future equity capital raising by Pacific Bauxite.

END

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Competent Persons Statement

The information in this report that relates to Exploration Results and Targets is based on information compiled by Mr Brett Smith, B.Sc Hons (Geol), Member AusIMM, Member AIG and employee of Pacific Bauxite Limited. Mr Smith has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking 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 this 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.

Table 2: Checklist of Assessment and Reporting Criteria

15th January, 2018

The Darling Range Bauxite Project – Historically Published Resources

- No physical work undertaken by the Company pertains to this report.
- This report states historically published JORC resources for the Darling Range Project and references the source of this information.
- Assessment of historical JORC 2004 compliant resource estimates have yet to be undertaken by Pacific Bauxite Limited.
- The Company is not aware of any substantive change to these resources subsequent to their publication.

Section 1 Sampling Techniques and Data

Reporting requirements for 'Section 1' are not relevant for this report. No physical work completed by the Company is reported within. A review of historical work for the purposes of upgrading the JORC 2004 compliant resources to JORC 2012 compliance, has yet to be undertaken.

Bauxite mineralisation within the Project has been defined by past explorers. Resources and statements within historical company announcements reported within have previously been approved by Competent Persons. Pacific Bauxite Limited or the stated Competent Person for this report have not provided opinion with respect to the quality or validity of the previously published JORC resources or exploration data.

Section 2 Reporting of Exploration Results

| Criteria | JORC Code explanation | Commentary |
|--|---|---|
| Mineral tenement and land tenure status | <ul style="list-style-type: none"> • <i>Type, reference name/number, location and ownership, including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> • <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> | <ul style="list-style-type: none"> • Priority Exploration Licence applications held by Nearology Pty Ltd include ELA70/4999 and ELA70/5000. • Pacific Bauxite Limited hold second-in-line applications for the same area (ELA 70/5111 and ELA 70/5112), held in PBX AUS Pty Ltd, a wholly owned subsidiary of Pacific Bauxite Limited. • These tenements are pending and subject to grant by the Western Australia Department of Mines, Industry Regulation and Safety |
| Exploration done by other parties | <ul style="list-style-type: none"> • <i>Acknowledgment and appraisal of exploration by other parties.</i> | <ul style="list-style-type: none"> • The Darling Ranges hosts extensive bauxite resources and has a long history of exploration and mining. • The stated JORC (2004 compliant) resources were published by Iron |

| Criteria | JORC Code explanation | Commentary |
|----------|-----------------------|---|
| | | <p>Mountain Mining Limited (“IRM”).</p> <ul style="list-style-type: none">• Between March 2010 and December 2011, on behalf of IRM, independent consultants Hackman & Associates Pty Ltd completed resource estimations on the Wandoo Bauxite Project. These resources are predominantly within the current Darling Range Project. This resource work also included metallurgical studies by independent consultants Independent Metallurgical Operation Pty Ltd.• Between 1968 and 1975 Pacminex Pty Ltd identified substantial bauxite resources within their Chittering Alumina Project in the Darling Ranges northeast of Perth. Pacminex drilled in excess of 10,000 holes before withdrawing from the project due to depressed global aluminium markets at the time. Pacminex Pty Ltd carried out numerous resource estimations within areas drilled out on 300yd x 300yd, 200yd x 200yd & 100 x 100yd drill spacing. All estimations pre-date the JORC 2004 code for the reporting of Mineral Resources and Ore Reserves and so do not comply with current ASX reporting standards.• In 2009, IRM reviewed and validated the Pacminex exploration and drilling database with a view to generating resource estimates according to JORC guidelines. A selected area comprising of approximately 600 holes drilled by Pacminex was assigned to independent consultants Hackman & Associates Pty Ltd as an initial exercise to confirm the validity of using the available historical data set for the resource estimation according to JORC guidelines. The resultant Maiden High Grade and Total Inferred Bauxite Resource announced on 16 March 2010 confirmed the quality and upside of the project.• Validation of the substantial Pacminex historical drilling and exploration database relevant to the Iron Mountain Wandoo Project tenements was completed during the June quarter of 2010 and coincided with the completion of a 287 air core drilling program within E70/2693. An additional Inferred Resource based solely on historical drilling was announced on 16 November 2010 followed by the announcement of the New Norcia Inferred Resource on 16 December 2010 that was delineated using results from the company’s drilling program. Total |

| Criteria | JORC Code explanation | Commentary |
|--|--|--|
| | | Inferred resources of bauxite within the Wandoo Project surpassed 89Mt on 5 May 2011 following the announcement of the Area 459 Inferred resource which represented the final resource update from available validated historical data. |
| Geology | <ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> | <ul style="list-style-type: none"> • In the Darling Range, lateritic bauxite is formed as flat-lying deposits overlying mature Tertiary surfaces derived from alumina-rich basement rocks which have undergone extensive weathering and chemical alteration. Compared with the bedrock material, the upper part of the laterite profile is enriched in aluminium, with the available alumina content significantly higher above a basal clay layer. • The main aluminium-bearing minerals include Gibbsite, Boehmite and Corundum. |
| Drill hole Information | <ul style="list-style-type: none"> • <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> • <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> | <ul style="list-style-type: none"> • Historical drilling and sampling data has yet to be assessed. This process will be completed for any subsequent upgrade in the resource estimates to JORC 2012 compliance. |
| Data aggregation methods | <ul style="list-style-type: none"> • <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> • <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> | <ul style="list-style-type: none"> • Historical drilling and sampling data has yet to be assessed. This process will be completed for any subsequent upgrade in the resource estimates to JORC 2012 compliance. |
| Relationship between mineralisation | <ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill-hole</i> | <ul style="list-style-type: none"> • The bauxite deposits are expected to be flat lying with variable depths. • Historical drilling and sampling data has yet to be assessed. This |

| Criteria | JORC Code explanation | Commentary |
|---|--|---|
| n widths and intercept lengths | <p><i>angle is known, its nature should be reported.</i></p> <ul style="list-style-type: none"> <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> | <p>process will be completed for any subsequent upgrade in the resource estimates to JORC 2012 compliance.</p> |
| Diagrams | <ul style="list-style-type: none"> <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> | <ul style="list-style-type: none"> Diagrams within this announcement are restricted to only the projects location regionally within Western Australia. |
| Balanced reporting | <ul style="list-style-type: none"> <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> | <ul style="list-style-type: none"> Noted. |
| Other substantive exploration data | <ul style="list-style-type: none"> <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> | <ul style="list-style-type: none"> Bauxite mineralisation within the Project has been defined by past explorers. Resources and statements with company announcements reported within have previously been approved by Competent Persons. |
| Further work | <ul style="list-style-type: none"> <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> | <ul style="list-style-type: none"> Proposed activities on the Darling Range Project is subject to the lease being approved and granted by the Western Australia Department of Mines, Industry Regulation and Safety. Assessment of the JORC resources and conversion of these resources to JORC 2012 compliance will be undertaken as a priority. Pacific Bauxite will undertake an extensive review of conflicting land-use, access issues and infrastructure in its assessment of the historical resources within the project. No ground disturbing field work will be undertaken prior to this process being completed. |