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PACIFIC BAUXITE LIMITED

ABN 62 112 914 459

(SUBJECT TO DEED OF COMPANY ARRANGEMENT)

INTERIM FINANCIAL REPORT 2021

For the Half-Year Ended 31 December 2021

PACIFIC BAUXITE LIMITED CORPORATE DIRECTORY

Directors

Peter Lewis
Peter Michael
John Traicos

Joint and Several Deed Administrators

Richard Albarran
Cameron Shaw

Registered Office

2A / 300 Fitzgerald Street
North Perth WA 6006

Head Office

2A / 300 Fitzgerald Street
North Perth WA 6006

Auditors

Rothsay Auditing
Level 1, Lincoln House
4 Ventnor Avenue
West Perth WA 6005

Share Registry

Computershare Investor Services Pty Ltd
Level 11 172 St Georges Terrace
Perth WA 6000

Country of Incorporation

Pacific Bauxite Limited is domiciled and incorporated in Australia

Stock Exchange Listing

Pacific Bauxite Limited is listed on the Australian Securities Exchange
(ASX Code: PBX)

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PACIFIC BAUXITE LIMITED

DIRECTORS' REPORT

The directors of Pacific Bauxite Limited (**Pacific Bauxite** or **Company**) submit their report for the half year ended 31 December 2021.

DIRECTORS

The directors that held office during the whole of the half year (unless otherwise stated) and up to the date of this report were:

Peter Lewis – Non-Executive Chairman

Peter Michael – Non-Executive Director (appointed 6 September 2021)

John Traicos – Non-Executive Director (appointed 6 September 2021)

REVIEW AND RESULTS OF OPERATIONS

The Company is currently taking the relevant steps to allow the effectuation of a DOCA subject to shareholder approval, and recapitalisation of the Company, and following this, subject to ASX approval, recommence trading on the exchange.

The net loss of the entity for the half year after tax was \$311,665 (2020: loss of \$127,033) with total revenues of nil (2020: \$nil). Major costs were administration \$267,739 (2020: \$126,583), employment costs of \$39,900 (2020: \$nil) and the Group's share of the losses of its associate \$444 (2020: \$nil).

PROJECT REVIEW

AUSTRALIA

PGE PROJECTS

On 31 December 2021, the Company announced that it had entered into agreements to acquire 100% of the issued capital of Western Yilgarn PGM Pty Ltd (**Western Yilgarn**) and AAM Resources Pty Ltd (**AAM Resources**), who own various projects located in the Eastern Goldfields and Pilbara regions of Western Australia (Figure 1) prospective for platinum group metals, gold, nickel and other minerals (**Proposed Acquisitions**).

The tenement package to be acquired as a result of the Proposed Acquisitions comprises three exploration licences (E36/1010, E36/1011 and E70/5767) granted to Western Yilgarn, three exploration licences (E52/3861, E58/0562 and E59/2496) granted to AAM Resources and two exploration licence applications (E36/1025 and E70/5921) applied for by Western Yilgarn (collectively, the **PGE Projects**). The PGE Projects is comprised of the Mount Magnet (Challa & Boondanoo), Sylvania, Bulga and Melbourne Prospects. An overview of the location of the PGE Projects is shown below.

PACIFIC BAUXITE LIMITED DIRECTORS' REPORT



Figure 1 – PGE Project Locations

Material terms of the Proposed Acquisitions are:

- 1,500,000 Shares to St Barnabas Pty Ltd and Glen William Goulds (collectively, the **Vendors**) for the acquisition of Western Yilgarn and 1,500,000 Shares to the Vendors for the acquisition of AAM Resources (all on a post-Consolidation basis and all Shares issued at a deemed issue price of \$0.20) (together, the Consideration Shares);
- a 2% net smelter return royalty payable to the vendors on all minerals extracted from the PGE Projects; and
- reimbursement to the Vendors of outgoings in respect of the PGE Projects, including costs associated with keeping such tenements in good standing (currently totalling approximately \$43,000).

The Proposed Acquisitions are conditional on various conditions precedent including the Company obtaining all necessary regulatory and shareholder approvals to effect the Proposed Acquisitions and satisfying all other requirements of the ASX for the reinstatement to official quotation of the Company's shares on ASX.

DARLING RANGE BAUXITE PROJECT

The Company, through its wholly owned subsidiary PBX Aus Pty Ltd, has a 100% interest in exploration licence application (ELA) 70/5111 (**Darling Range Bauxite Project**). The project covers a total area of 349km² within the Darling Ranges located approximately 75km northeast of Perth, Western Australia (Figure 2).

PACIFIC BAUXITE LIMITED DIRECTORS' REPORT

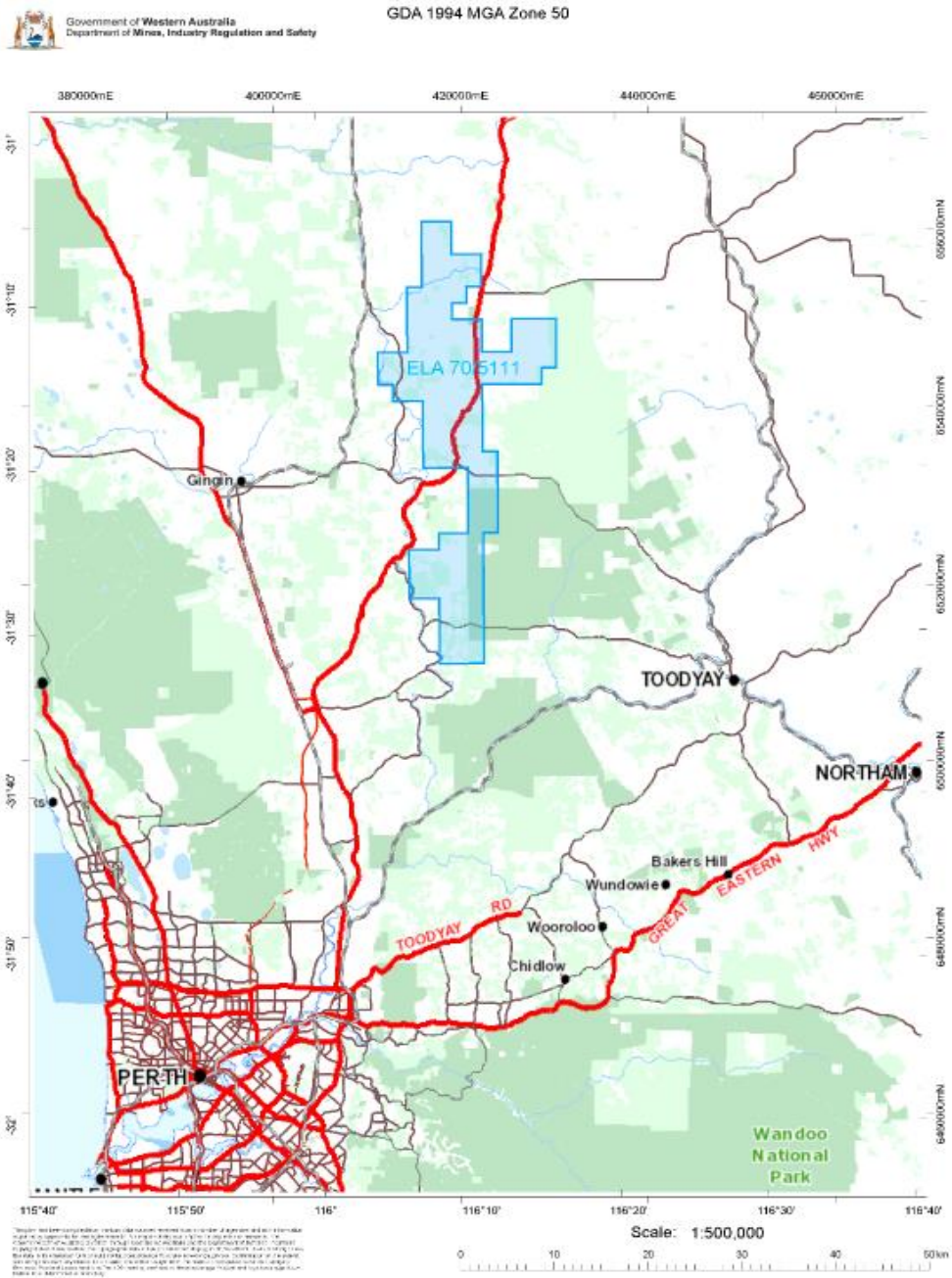


Figure 2 – Darling Range Project Locations

The Darling Range Bauxite Project is geologically within the Western Gneiss Terrane along the western margin of the Yilgarn Craton of Western Australia. The Yilgarn Craton is host to numerous precious and base metal deposits (i.e. gold, nickel, iron, bauxite and tantalite) which includes the Kalgoorlie, Southern Cross, Leonora, Meekatharra and Wiluna gold mining centres. Within the Yilgarn Craton, nickel is also sourced from Mount Keith, Kambalda, Lake Johnston, Forrestania and Ravensthorpe areas, whilst iron is derived predominantly from Koolyanobbing, Koolanooka, Weld Range and Talling Peak in the central/west Yilgarn. In addition, bauxite is currently mined at Huntley and Willowdale from the Darling Ranges south of Perth. The Darling Ranges area is considered to be a highly prospective geological region for bauxite, PGE, nickel and copper mineralisation.

The Company applied for ELA 70/5111 on 4 January 2018. The application was recommended for grant on 16 February 2018 and has since cleared Native Title and other approval processes. The application overlaps approximately 2.97% with a file notation area for the Strategic Assessment of the Perth-Peel Green Growth Plan (SAPPR). The Department of Mines, Industry, Regulation and Safety (DMIRS) previously

PACIFIC BAUXITE LIMITED

DIRECTORS' REPORT

delayed the grant of tenements which overlap the SAPP, including ELA 70/5111, however DMIRS recently advised that they are consulting with the Department of Biodiversity, Conservation and Attractions for the application to be granted on the basis that a no-mining condition be applied to the application upon grant to protect the reserved area. The application also encroaches on the Julimar State Forest and other land-use stakeholders, including private landholders.

In relation to the file notation and State Forest areas encroaching on ELA 70/5111, if the usual condition restricting mining activities in the affected areas is imposed on the application upon grant, the Company will need to seek ministerial consent to conduct such activities which would require the approval of a conservation management plan. The Company currently understands that approval to grant over the SAPP area is the final step before the application is granted. The Company continues to investigate the impact of all conflicting land-uses affecting ELA 70/5111 and further updates will be provided to shareholders in due course.

Upon granting of ELA 70/5111, the Company plans to undertake an extensive low impact minimal disturbance reconnaissance mapping, geophysical surveying and re-interpretation work to delineate targets for drill testing. Given the recent discovery of significant tonnages of nickel-copper-PGE mineralisation within the adjacent tenure held by Chalice Mining Limited, the Company has prioritised data compilation and analysis over the Darling Range Bauxite Project to delineate targets capable of representing known extensions or repetitions of this mineralisation style.

SOLOMON ISLANDS

Nendo Bauxite Project

The Company, through its wholly owned subsidiary Iron Mountain Pty Ltd (**Iron Mountain**), holds a 50% interest in Eight South Investments Pty Ltd (**ESI**). ESI is the holder of the Nendo Bauxite Project, which is comprised of a single prospecting licence PL 01/16 (**Prospecting Licence**) located in the Solomon Islands (Figure 3).



Figure 3 – Solomon Islands Project Locations

On 6 June 2018, the Company advised Shareholders that it had unexpectedly received a letter from the Solomon Islands' Minister of Mines, Energy and Rural Electrification (**Minister**), advising that the Prospecting License was cancelled (**Minister's Letter**) (refer to ASX announcement 6 June 2018).

In accordance with the requirements of the Minister's Letter, work at the Nendo Bauxite Project was immediately suspended.

PACIFIC BAUXITE LIMITED

DIRECTORS' REPORT

On 5 April 2019, the High Court of Solomon Islands delivered a ruling in relation to proceedings commenced by ESI which included orders that:

1. the Minister's decision to cancel the Prospecting Licence was beyond power, quashed and declared null and void; and
2. the Prospecting Licence was valid as at 24 May 2018.

The Attorney General of the Solomon Islands (on behalf of the Minister, the Director of Mines and the Mines and Minerals Board) subsequently filed and served a Notice of Appeal with the Solomon Islands court of appeal.

Following lengthy court proceedings, the Company provided an update on the court proceedings (refer to ASX announcement 5 September 2019).

On 2 February 2021, the Company announced that it had received a judgment from the Court of Appeal which confirmed the High Court's original judgment, namely that the Minister's decision of 24 May 2018, which cancelled the Prospecting Licence, was quashed. However, whilst the Court of Appeals ruling declared that the Prospecting Licence was still valid as at 24 May 2018, the protracted litigation resulting in the expiry date of 1 December 2018 passing (ASX Announcement dated 2 February 2021).

The judgment entitled ESI to legal costs in the amount of approximately \$250,000. The Administrators have previously assessed options for recovery of this amount as well as seeking possible reinstatement of the Prospecting Licence, which may be explored following the Proposed Divestment (see below).

A condition of the DOCA presented by Oceanic is for the Nendo Bauxite Project to be divested via the divestment of Iron Mountain (**Proposed Divestment**) as follows:

- 80% of the issued share capital to be divested to parties associated with Aurum Pacific, a creditor of the Company encapsulated by the DOCA (being Scott James Dodds, Nicholas Michael Wixon Willis and Peter Forrest Pty Ltd ATF Peter Forrest Family Trust); and
- 20% of the issued share capital to be divested to Richard Albarran and Cameron Shaw in their capacity as trustees for the Iron Mountain Trust. The Iron Mountain Trust is a trust established for the benefit of those persons who were shareholders of the Company as at the date of the Voluntary Administration being 24 December 2019.

To effect the Proposed Divestment, the Company has entered into a share transfer deed with various parties, whereby the Company has agreed to sell the Company's shares in Iron Mountain (refer ASX Announcement 31 December 2021).

The Company notes its previous intentions to divest the Nendo Bauxite Project prior to the external administration as announced to the market on 13 December 2019. However, opportunities to extract value from the Nendo Bauxite Project were limited given the funding required to progress the project and sovereign risk hurdles. While the Company will receive no consideration for the Proposed Divestment, the Company believes the Proposed Divestment is in the best interests of the Company based on an assessment of the advantages and disadvantages of the proposed transaction. Shareholders of the Company as at the date of voluntary administration will also retain a 20% interest in Nendo Bauxite Project via the Iron Mountain Trust.

CORPORATE

Board Changes

During the period, the Deed Administrators advised the appointment of Mr Peter Michael and Mr John Traicos as Non-Executive Directors of the Company effective 6 September 2021. Additionally, the Company confirmed the appointment of Ms Melissa Chapman and Ms Catherine Grant-Edwards as Joint Company Secretaries effective 6 September 2021.

Voluntary Administration

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

PACIFIC BAUXITE LIMITED

DIRECTORS' REPORT

On 7 January 2020, the Administrators convened a first meeting of creditors of the Company pursuant to Section 436E of the Corporations Act 2001 (**Initial Creditors Meeting**). The purpose of the Initial Creditors Meeting was for the Administrators to provide an update on the Voluntary Administration of the Company and ratify their appointment.

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 (**First Guardian**) or its nominee(s) be accepted by the Company. On 9 July 2020, the DOCA was executed by First Guardian and the Company. Following multiple extensions granted to First Guardian to satisfy the conditions precedent required under their DOCA, on 16 June 2021, the Administrators advised the market that First Guardian had withdrawn from the DOCA.

On 12 August 2021, the Administrators announced that a replacement proponent, Oceanic Capital Pty Ltd (**Oceanic**) had presented a revised recapitalisation proposal which was accepted by creditors on 23 August 2021 (**Third Creditors Meeting**).

On 6 September 2021, the Administrators advised the market that the Company's creditors resolved to accept the variation to the DOCA and recapitalisation proposed presented by Oceanic. The DOCA variation was executed on 6 September 2021 and control of the Company passed to the new board of Directors with the Administrators retaining supervisory powers.

The annual general meeting of shareholders to approve the DOCA is scheduled to be held on 31 January 2022.

ASX Reinstatement

The Company's securities have been suspended from quotation on the official list of ASX since 24 December 2019 (following the Company being placed into Voluntary Administration) and will remain suspended from quotation until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules, including by satisfying the conditions to reinstatement imposed by ASX.

Pursuant to ASX Guidance Note 33, ASX's policy is to remove from the official list an entity whose securities have been suspended from quotation for a continuous period of 2 years. Pursuant to ASX guidance, ASX may agree to a short extension of this 2-year deadline for delisting if the entity can demonstrate to ASX's satisfaction that it is in the final stages of implementing a transaction that will lead to the resumption of trading in its securities.

As at 24 December 2021, the Company's shares had been suspended from trading for a continuous period of 2 years. ASX has advised the Company that its delisting date has been extended, subject to various conditions. The Company will provide an update to shareholders in due course. Extensions to the Company's delisting date are at the ultimate discretion of ASX. Shareholders should be aware that there is no guarantee that the Company will be able to meet any conditions imposed by ASX to avoid automatic removal of the Company from the official list of ASX. If that occurs, the Administrators will be required to convene a meeting of the Company's creditors (in accordance with the DOCA) for the purposes of varying or terminating the DOCA. In those circumstances, the administrators are currently uncertain about the return likely to the Company's creditors.

Events occurring after the reporting date

On 4 January 2022, the Company released the 2020 Annual General Notice of Meeting and the 2021 Annual General Notice of Meeting scheduled to be held 31 January 2022. Completion of the Proposed Acquisitions of Western Yilgarn and AAM Resources is subject to approval at the 2021 AGM.

There were no other matters or circumstances that have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in the future financial years.

PACIFIC BAUXITE LIMITED DIRECTORS' REPORT

Auditor's Independence Declaration

The auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2021 has been received and is set out on page 8.

Signed on behalf of the Company by its agents the Joint and Several Deed Administrators



Peter Lewis
Non-Executive Chairman
20 January 2022
Perth, Western Australia

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001**

As lead auditor of the review of Pacific Bauxite Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Pacific Bauxite Limited and the entities it controlled during the half-year.

Rothsay Auditing

A handwritten signature in black ink, appearing to read 'Dalla', written over a light grey watermark that says 'For personal use only'.

**Daniel Dalla
Partner**

20 January 2022



PACIFIC BAUXITE LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the half-year ended 31 December 2021

	Notes	Consolidated	
		31-Dec-2021	31-Dec-2020
		\$	\$
Revenue from continuing operations		-	-
Other Revenue		-	-
Administration		(267,739)	(126,583)
Exploration costs		(3,137)	(450)
Employment costs		(39,900)	-
Impairment of loan to associate		(889)	-
Impairment of investment in associate	6	444	-
Share of net loss of associate	6	(444)	-
(Loss) before income tax		(311,665)	(127,033)
Income tax expense		-	-
(Loss) from the half year		(311,665)	(127,033)
Other comprehensive income		-	-
Total comprehensive (loss) for the half year		(311,665)	(127,033)
Basic (loss) per share (cents per share)		(0.08)	(0.03)
Diluted (loss) per share (cents per share)		(0.08)	(0.03)

The above interim consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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PACIFIC BAUXITE LIMITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	Consolidated	
		31-Dec-2021	30-Jun-2021
		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents		363,599	7,016
Restricted Cash		61,500	61,500
Trade and Other Receivables		40,374	32,582
TOTAL CURRENT ASSETS		465,473	101,098
NON-CURRENT ASSETS			
Investment accounted for using the equity method	6	-	-
TOTAL NON-CURRENT ASSETS		-	-
TOTAL ASSETS		465,473	101,098
CURRENT LIABILITIES			
Trade and Other Payables		1,683,296	1,507,188
Provisions		1,742	1,742
Short term loan payable	3	124,932	-
Convertible notes	4	225,000	-
TOTAL CURRENT LIABILITIES		2,034,970	1,508,930
TOTAL LIABILITIES		2,034,970	1,508,930
NET ASSETS / (LIABILITIES)		(1,569,497)	(1,407,832)
EQUITY			
Contributed Equity	5	20,471,348	20,321,348
Reserves		1,624,540	1,624,540
Accumulated Losses		(23,665,385)	(23,353,720)
TOTAL EQUITY		(1,569,497)	(1,407,832)

The above interim consolidated statement of financial position should be read in conjunction with the accompanying notes.

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PACIFIC BAUXITE LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY

For the half year ended 31 December 2021

2021	Contributed Equity \$	Accumulated Losses \$	Option Reserve \$	Total \$
Consolidated Balance as at 1 July 2021	20,321,348	(23,353,720)	1,624,540	(1,407,832)
Total comprehensive loss for the half year				
Loss for the half year	-	(311,665)	-	(311,665)
Total comprehensive loss for the year	-	(311,665)	-	(311,665)
Transactions with equity holders in their capacity as equity holders				
DOCA contribution	150,000	-	-	150,000
Balance as at 31 December 2021	20,471,348	(23,665,385)	1,624,540	(1,569,497)
2020	Contributed Equity \$	Accumulated Losses \$	Option Reserve \$	Total \$
Consolidated Balance as at 1 July 2020	20,281,348	(22,705,094)	1,624,540	(799,206)
Total comprehensive loss for the half year				
Loss for the half year	-	(127,033)	-	(127,033)
Total comprehensive loss for the year	-	(127,033)	-	(127,033)
Transactions with equity holders in their capacity as equity holders				
DOCA contribution	40,000	-	-	40,000
Balance as at 31 December 2020	20,321,348	(22,832,127)	1,624,540	(886,239)

The above interim consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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PACIFIC BAUXITE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 31 December 2021

	Consolidated	
	31-Dec-2021	31-Dec-2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments for exploration and evaluation	(1,046)	(450)
Payment to suppliers and employees	(137,371)	(32,216)
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	(138,417)	(32,666)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from DOCA	5 150,000	40,000
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES	150,000	40,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of convertible notes	4 225,000	-
Proceeds from borrowings	3 120,000	-
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES	345,000	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	356,583	7,334
Cash and cash equivalents at the beginning of half year	7,016	40,242
Effects of exchange rate fluctuations	-	-
CASH AND CASH EQUIVALENTS AT END OF HALF YEAR	363,599	47,576

The above interim consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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PACIFIC BAUXITE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

1. Basis of Preparation

These condensed interim financial reports for the half-year reporting period ended 31 December 2021 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 *Interim Financial Reporting*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the entity during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Going concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Company has incurred net losses after tax of \$311,665 (30 June 2021: \$648,626) and net cash outflows from operating activities of \$138,417 (30 June 2021: \$73,226). The cash balance as at 31 December 2021 was \$363,599 (30 June 2021: \$7,016).

On 12 August 2021, the Deed Administrators confirmed the execution of the DOCA variation with Oceanic Capital Pty Ltd (**Oceanic**) effective 6 September 2021. Oceanic and the Joint and Several Deed Administrators are satisfied that the going concern basis of preparation of the financial report is appropriate on the basis of the effectuation of the DOCA and subsequent proposed capital raising post effectuation.

Should effectuation of the DOCA not eventuate, there is a material uncertainty which may cast significant doubt whether the Group will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

These financial statements do not include any adjustments relating to the recoverability or classification of recorded amounts that might be necessary should Pacific Bauxite Ltd not be able to continue as a going concern.

New accounting standards and interpretations

Standards and Interpretations applicable to 31 December 2021

In the half-year ended 31 December 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2021. As a result of this review, the Directors have applied all new and amended Standards and Interpretations that were effective as at 1 July 2021 with no material impact on the amounts or disclosures included in the financial report.

2. Segment Reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and to assess its performance.

Management treats the Australian operations and the Solomon Island operations as a separate operating segment and are reported on as such. The analysis of the location of total assets is as follows:

PACIFIC BAUXITE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS
31 December 2021

	Consolidated	
	31-Dec-21	30-Jun-21
	\$	\$
Solomon Islands	-	-
Australia	465,473	101,098
	<u>465,473</u>	<u>101,098</u>

3. Short Term Loan

	Consolidated	
	31-Dec-21	30-Jun-21
	\$	\$
Balance at beginning of period	-	-
Proceeds from borrowing (i)	120,000	-
Capitalised interest (i)	4,932	-
Balance at end of period	<u>124,932</u>	<u>-</u>

On 22 September 2021, PBX Aus Pty Ltd, a wholly owned subsidiary of the Company, entered into a \$120,000 loan facility with Oceanic Capital Pty Ltd (**Oceanic**) (**Oceanic Loan**). The Oceanic Loan is for a term of 6 months and accrued interest of 15% per annum. The Oceanic Loan is secured over the assets of PBX Aus Pty Ltd.

4. Convertible Note

	Consolidated	
	31-Dec-21	30-Jun-21
	\$	\$
Balance at beginning of period	-	-
Funds borrowed under convertible loan agreement	225,000	-
Balance at end of period	<u>225,000</u>	<u>-</u>

In December 2021, the Company entered into Convertible Note Deeds with a number of note holders through the issue of 225,000 convertible notes. As at 31 December 2021, the Company had received funding of \$225,000. The face value of each convertible note is \$1, maturing 18-months after issue, attracting interest at 6% per annum (re-payable in cash) and which, subject to shareholder approval, may be converted into Shares at a conversion price of \$0.10 at the election of the holder or converts automatically on completion of a qualifying capital raising by the Company. Note holders will also be issued one free attaching option for every 2 shares issued (exercise price \$0.30 expiring 3 years from date of issue)

5. Contributed Equity

	31-Dec-2021	30-Jun-2021	31-Dec-2021	30-Jun-2021
	Shares	Shares	\$	\$
Consolidated Share Capital				
Ordinary Shares				
Fully Paid	396,614,034	396,614,034	20,471,348	20,321,348
	<u>396,614,034</u>	<u>396,614,034</u>	<u>20,471,348</u>	<u>20,321,348</u>

6. Investment in Associates

As detailed in the Company's 30 June 2017 Annual Report, Pacific Bauxite previously exercised its option to acquire 50% of Eight South Investments Pty Ltd (**Eight South**). Consideration included an initial 20,000,000 shares (issued during the year ended 30 June 2017), with a further 20,000,000 shares to be issued in 12 months' time or first shipment of bauxite, whichever comes first.

PACIFIC BAUXITE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS
31 December 2021

During the year ended 30 June 2018, following receipt of approval of shareholders at the Company's General Meeting held 18 August 2017, the Company completed its acquisition of 50% of Eight South via the issue of the second tranche 20,000,000 consideration shares, which were allotted on 27 September 2017.

The investment in Eight South is held in Pacific Bauxite's wholly owned subsidiary. A summary of the carrying value of the Group's investment in Eight South is below.

	Consolidated	
	31-Dec-2021	30-Jun-21
	\$	\$
Balance at the beginning of the period	-	-
Share of losses of associates	444	-
Impairment of associate	(444)	-
Balance at the end of the period	-	-

7. Related Party Transactions

On 30 December 2021, the Company entered into the following letters of appointment:

Non-Executive Chairman – Peter Lewis

- Term of Agreement – The agreement commenced 6 September 2021 and is ongoing (subject to the projects of the Corporations Act)
- Remuneration of \$42,000 per annum. The Company is currently taking the relevant steps to allow the effectuation of a DOCA subject to shareholder approval, and recapitalisation of the Company, and following this, subject to ASX approval, recommence trading on the ASX (**Reinstatement Period**). During the Reinstatement Period, fees will accrue from 6 September 2021 until the date upon which the Company's securities have recommended trading on the ASX, and will be paid at the time the Company's securities have recommended trading on the ASX. Once, the Company's securities have recommended trading on the ASX, fees will be paid monthly in arrears.
- Equity Incentives – Issue of 830,823 unlisted incentive options subject to shareholder approval at the 2021 Annual General Meeting of shareholders (**2021 AGM**) scheduled to be held 31 January 2022
- Conversion of Debt – Issue of 300,000 shares in satisfaction of outstanding debts subject to shareholder approval at the 2021 AGM

Non-Executive Director – Peter Michael

- Term of Agreement – The agreement commenced 6 September 2021 and is ongoing (subject to the projects of the Corporations Act)
- Remuneration of \$42,000 per annum. During the Reinstatement Period, fees will accrue from 6 September 2021 until the date upon which the Company's securities have recommended trading on the ASX, and will be paid at the time the Company's securities have recommended trading on the ASX. Once, the Company's securities have recommended trading on the ASX, fees will be paid monthly in arrears.
- Equity Incentives – Issue of 830,823 unlisted incentive options subject to shareholder approval at the 2021 AGM

Non-Executive Director – John Traicos

- Term of Agreement – The agreement commenced 6 September 2021 and is ongoing (subject to the projects of the Corporations Act)
- Remuneration of \$42,000 per annum. During the Reinstatement Period, fees will accrue from 6 September 2021 until the date upon which the Company's securities have recommended trading on the ASX, and will be paid at the time the Company's securities have recommended trading on the ASX. Once, the Company's securities have recommended trading on the ASX, fees will be paid monthly in arrears.
- Equity Incentives – Issue of 830,823 unlisted incentive options subject to shareholder approval at the 2021 AGM

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PACIFIC BAUXITE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS
31 December 2021

8. Events occurring after the reporting date

On 4 January 2022, the Company released the 2020 Annual General Notice of Meeting and the 2021 Annual General Notice of Meeting scheduled to be held 31 January 2022. Completion of the Proposed Acquisitions of Western Yilgarn and AAM Resources is subject to approval at the 2021 AGM.

There were no matters or circumstances that have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in the future financial years.

9. Financial Instruments

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 31 December 2021:

	At amortised cost	Fair value	
		Through profit and loss	Through other comprehensive income
	\$	\$	\$
Consolidated Financial assets			
Trade and other receivables	40,374	-	-
Total current	40,374	-	-
Total assets	40,374	-	-
Financial liabilities			
Trade and other payables	1,683,296	-	-
Short term loan payable	124,932	-	-
Convertible notes	225,000	-	-
Total current	2,033,228	-	-
Total liabilities	2,033,228	-	-

Set out below is a comparison of the carrying amount and fair values of financial instruments as at 31 December 2021:

	Carrying amount \$	Fair value \$
Consolidated Financial assets		
Trade and other receivables	40,374	40,374
Total current	40,374	40,374
Total assets	40,374	40,374
Financial liabilities		
Trade and other payables	1,683,296	1,683,296
Short term loan payable	124,932	124,932
Convertible notes	225,000	225,000
Total current	2,033,228	2,033,228
Total liabilities	2,033,228	2,033,228

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PACIFIC BAUXITE LIMITED

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 9 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and signed on behalf of the board by:



Peter Lewis
Non-Executive Chairman
20 January 2022

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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
PACIFIC BAUXITE LIMITED**

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Pacific Bauxite Limited ("the Company"), and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter - Material Uncertainty Related to Going Concern

Without modifying our review conclusion, we draw attention to Note 1 of the interim financial report, which indicates that the going concern basis is appropriate on the basis of the effectuation of the Deed of Company Arrangement and subsequent capital raisings. These conditions along with other matters that are set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group maybe unable to realise its assets and discharge its liabilities in the normal course of business.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



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Independence

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Rothsay Auditing

Dated 20 January 2022

Daniel Dalla
Partner

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