

PACIFICBAUXITELIMITED

6 December 2017

Madeleine Green
ASX Compliance Pty Ltd
20 Bridge Street
SYDNEY NSW 2000

By email: Madeleine.Green@asx.com.au

Dear Madeleine,

RE: Response to Appendix 5B Query

On behalf of Pacific Bauxite Limited (**Company, PBX**), I refer to your letter dated 5 December 2017 and respond as follows.

1. Does PBX expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

Yes, the Company expects to have continued negative operating cash flow while it continues its exploration activities in the Solomon Islands.

2. Has PBX 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?

The Company recognises it will need to raise further cash to fund its operations sometime in the future, however, no steps have been taken to raise additional funds in the immediate future as the Company does not believe it is the appropriate time to do so.

The Company notes its strong relationships with capital providers, and is confident of its capacity to raise additional funds when required.

The Company also notes that, per the September 2017 Appendix 5B, it estimates it will have in excess of \$700,000 in cash at the end of the December 2017 quarter and has sufficient capacity under ASX Listing Rules 7.1 and 7.1A to issue shares to raise additional funds when required.

3. Does PBX expect to be able to continue its operations and to meet its business objectives, and if so, on what basis?

Yes, the Company is confident it can continue its operations and meet all of its business objectives on the basis of the Company's ability to raise further cash when required.

PACIFICBAUXITE LIMITED

4. Please provide any other information that PBX considers may be relevant to ASX forming an opinion on whether PBX is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

The Company continues to comply with Listing Rule 12.2 and is confident that the Company's financial position warrants the continued quotation of its securities on the ASX.

5. Please confirm that PBX is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.

The Company confirms it is in compliance with Listing Rule 3.1

6. Please confirm that PBX's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PBX with delegated authority from the board to respond to ASX on disclosure matters.

The Company confirms that the above responses have been approved with the appropriate authority.

Yours faithfully,

Suraj Sanghani
Company Secretary
PACIFIC BAUXITE LIMITED



5 December 2017

Suraj Sanghani
Company Secretary
Pacific Bauxite Limited
PO Box 186
WEST PERTH WA 6872

By email: ssanghani@ironmountainmining.com.au

Dear Suraj Sanghani

Pacific Bauxite Limited ("PBX"): Appendix 5B Query

I refer to PBX's Appendix 5B quarterly report for the period ended 30 September 2017 lodged with ASX Market Announcements Platform on 30 October 2017 (the "Appendix 5B").

ASX notes that PBX has reported:

- negative net operating cash flows for the quarter of \$572,000;
- cash at the end of the quarter of \$1,615,000; and
- estimated cash outflows for the next quarter of \$911,000.

It is possible to conclude, based on the information in the Appendix 5B that if PBX were to continue to expend cash at the rate indicated by the Appendix 5B, PBX may not have sufficient cash to continue funding its operations. In view of that, ASX asks PBX to respond separately to each of the following questions and requests for information:

1. Does PBX expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has PBX 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?
3. Does PBX expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that PBX considers may be relevant to ASX forming an opinion on whether PBX is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that PBX is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.

6. Please confirm that PBX's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PBX with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than market open (7am AWST) on Monday, 11 December 2017. If we do not have your response by then, ASX will have no choice but to consider suspending trading in PBX's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, PBX's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at TradingHaltsPerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to PBX's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that PBX's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in PBX's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Madeleine Green
Adviser, Listings Compliance (Perth)
P: 08 9224 0015
E: Madeleine.Green@asx.com.au