PACIFIC BAUXITE LIMITED
ABN 62 112 914 459

(SUBJECT TO DEED OF COMPANY ARRANGEMENT)

ANNUAL REPORT

For the year ended
30 June 2021

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PACIFIC BAUXITE LIMITED
CORPORATE DIRECTORY

Directors

Peter Lewis – Non-Executive Chairman
Peter Michael – Non-Executive Director
John Traicos – Non-Executive Director

Company Secretary

Melissa Chapman
Catherine Grant-Edwards

Registered and Principal Office

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West Perth WA 6005
Phone: (08) 9481 4478
Fax: (08) 9486 4833

Share Registry

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

Legal Advisors

Larri Legal
Suite 6, 152 High Street
Fremantle WA 6160

Auditors

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

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)

REVIEW OF OPERATIONS

Pacific Bauxite Limited (ASX: PBX) (**Pacific Bauxite** or the **Company** or the **Group**) is pleased to present a review of its operations for the period ended 30 June 2021.

REVIEW OF OPERATIONS

PROJECT REVIEW

SOLOMON ISLANDS

Nendo Bauxite Project

The Nendo Bauxite Project (**Nendo**) located in the Solomon Islands (Figure 1) has demonstrated extensive areas of potentially high-grade DSO bauxite mineralisation (ASX announcement 27 September 2016). While much of the project area remains unexplored, the Company has delineated an initial priority target area of approximately 12 kilometres by 2 kilometres.

Figure 1 – Solomon Islands Project Locations

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.

Reasons provided in the Minister's Letter for the cancellation of the Prospecting License included unsatisfactory level of prospecting at Nendo and failure to establish amicable relations with the local communities, which Pacific Bauxite disputed.

To date, Pacific Bauxite's exploration programs at Nendo have confirmed the presence of extensive, high-quality bauxitic soils. The Company has completed first phase reconnaissance prospecting at Nendo and identified significant areas of bauxite mineralisation (ASX announcements 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 provided transparency of the Company's activities and provided the opportunity to educate and inform the local communities of the resources existing on their land.

Court Proceedings
On 23 November 2018, the High Court of Solomon Islands (**Court**) heard an application for the determination of issues pursuant to r.12.11 of the Court Rules (ASX Announcement 26 November 2018). The JVC is the Claimant in those proceedings. The Court reserved its decision in respect to the application and was required to hand its decision down within three months.

The Court subsequently sought additional material regarding the application and heard further submissions from the parties regarding the effects of that additional information (ASX Announcement 18 March 2019).

On 5 April 2019, the Court delivered its ruling in relation to the proceedings commenced by the JVC (ASX Announcement 9 April 2019). The Court ordered that:

1. The Minister's decision to cancel PL 01/16 by letter dated 24 May 2018 was beyond power, quashed, and declared null and void.
2. PL 01/16 was valid as at 24 May 2018.
3. The Minerals Board is to decide on the cancellation of PL 01/16 and whether there was a breach of the Act, Regulation or license conditions.
4. Costs against the Defendants, being the Minister and the Director of Mines, including reserved costs, with certification for overseas Counsel, are to be assessed.

The parties were granted 30 days from 5 April 2019 within which to file any appeals.

On 10 May 2019, the Attorney General of the Solomon Islands (on behalf of the Minister, the Director of Mines and the Mines and Minerals Board) filed and served a Notice of Appeal with the Solomon Islands Court of Appeal (ASX Announcement 10 May 2019). The Notice of Appeal sought to appeal both the interlocutory and final rulings (delivered respectively on the 19 October 2018 and 5 April 2019) by the High Court of the Solomon Islands (for further information on the final ruling, please refer to ASX Announcement 10 May 2019).

The *Court of Appeal Rules* provides that in the event of non-compliance with the timeframe for filing a Notice of Appeal, all proceedings in the appeal shall be stayed, unless the Court shall otherwise order and that the appeal shall be listed for the next sessions of the Court for a formal order of dismissal.

The Notice of Appeal was filed on 7 May 2019 - outside of the timeframe for filing a Notice of Appeal. No application to extend time or for leave to appeal the interlocutory ruling was served. No order was made varying the stay provided by the *Court of Appeal Rules*. As such, the timeframe for the JVC to file its notice of contentions had not commenced, and the JVC requested that the Registrar list the Attorney General's appeal for the next sessions of the Court for a formal order of dismissal.

On 5 September 2019, the Company was pleased to provide an update on the court proceedings. 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 (ASX Announcement dated 13 January 2021), 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 attempted appeal.

On 8 June 2020, the JVC received an order from the from the Registrar of the High Court and Court of Appeal of the Solomon Islands amending previous orders made on 6 December 2019 relating to the Prospecting License. The direction orders dated 8 June 2020 require that written submissions be provided to the Court of Appeal by 15 June 2020. The JVC applied for an extension and filed a submission in November 2020. Both parties to the proceedings have agreed to determine the appeal on the papers.

On 2 February 2021, the Company announced the judgement from the Court of Appeal in the Solomon Islands on 1 February 2021 where "the Court of Appeal agreed with the High Court's judgement that the Minister for Mines, Energy and Rural Electrification acted ultra vires his powers under Section 71(1) and (2) of the Mines and Minerals Act [CAP. 42] thereby quashing the Minister's decision of 24 May 2018 which cancelled the Respondent's Prospecting Licence (PL No. 01/16)" (refer ASX Announcement dated 2 February 2021).

At 30 June 2021, the Administrators are currently seeking options as to the possibility of reinstating the Prospecting License.

The Company confirms that a condition of the varied DOCA presented by Oceanic is for the Solomon Islands' interests to be divested. PBX notes its previous intentions to divest the Solomon Islands' interests prior to the external administration as announced to the market on 13 December 2019.

AUSTRALIA

Darling Ranges Bauxite Project, Western Australia

The Darling Range Bauxite Project (**Darling Range**) is located in the Darling Ranges northeast of Perth, Western Australia. The Company's Acquisition of Darling Range is consistent with its strategy to build a portfolio of high quality bauxite assets in targeted jurisdictions, in order to position itself to help satisfy the forecasted near term growth in global bauxite demand.

Darling Range comprises one Exploration Licence Application (ELA 70/5111) which cover a total area of 405 km^2 within the Darling Ranges, approximately 60 km northeast of Perth.

Pacific Bauxite previously held the tenements covering the Project when it was named Iron Mountain Mining (ASX:IRM). The Company sold the Darling Range tenements to Chinese-backed private mineral resources investment company Alpha Bauxite Pty Ltd (**Alpha**) in 2012 (IRM ASX announcements, 6 March 2012 and 24 August 2012), which subsequently surrendered its tenure in June 2017.

Given the Company's previous exposure and understanding of Darling Range, it viewed the opportunity to acquire the asset as a highly attractive, low-cost entry point to a potentially 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 South 32's Worsley Alumina and Alcoa.

At 30 June 2021, the Company has been advised that 10.30% of ELA 70/5111 encroaches on the Julimar State Forest and will require an appropriate conservation management plan to be submitted prior to the application being processed.

Additionally, 2.97% of ELA 70/5111 also encroaches on File Notation Area 12671 which relates to the Western Australian Government's Perth and Peel Green Growth Plan. The Company has been advised that the application will not be processed until such time that the Western Australian Government has reached a decision on the Green Growth Plan.

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 (**Voluntary Administration**).

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 investigate the financial affairs of the Company.

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 or its nominee(s) be accepted by the Company. On 9 July 2020, the DOCA was executed by First Guardian and the Company. On 16 June 2021, the Deed Administrators advised the market that First Guardian had withdrawn from the DOCA.

Subsequent to the year end, on 12 August 2021, the Deed Administrators announced that a replacement proponent, Oceanic Capital Pty Ltd (**Oceanic**) has presented a revised recapitalisation proposal on 5 August 2021 which was accepted by creditors on 23 August 2021 (**Third Creditors Meeting**).

On 6 September 2021, the Deed 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 Deed Administrators retaining supervisory powers.

The Directors of Pacific Bauxite Limited submit their report, together with the consolidated financial statements comprising Pacific Bauxite and its controlled entities (**Group**) for the financial year ended 30 June 2021.

DIRECTORS AND OFFICERS

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise noted.

PETER LEWIS
Non-Executive Chairman

Mr Lewis is a Queensland based businessman with a long and successful career predominantly in the property industry. He is a former director of Ray White, Richard Ellis Group, founder and Managing Director of Savills (QLD), founder and Managing Director of Unity Pacific (formerly Trinity Ltd), Director of Eumundi Brewing Group Ltd and CEC Ltd. Mr Lewis is the chairman of Aurum Pacific Group, a private mining company with diverse interests both in Australia and internationally that is associated with the vendors of Eight South Investment Pty Ltd. He has also previously served as Chairman of the Queensland Rugby Union.

Mr Lewis has not held any other directorships of listed companies in the last three years.

Effective 29 November 2018, Mr Lewis transitioned from the role of Non-Executive Director to Non-Executive Chairman.

Mr. Lewis indirectly holds 4,100,000 ordinary shares in Pacific Bauxite.

PETER MICHAEL (Appointed 6 September 2021)
Non-Executive Director
Mr Michael has over 20 years' experience in the property sector encompassing the execution of commercial and residential property transactions, land development, construction and joint venture operations. Peter is currently a Non-Executive Director of Argent Minerals Ltd, an Executive Director of a private investment firm specialising in developing resource exploration companies, and Managing Director of Emerald Life Aged Care.

Mr Michael is currently Non-Executive Director of Argent Minerals Ltd (ASX: ARD).

Mr. Michael does not hold any securities in Pacific Bauxite.

JOHN TRAICOS (Appointed 6 September 2021)
Non-Executive Director
Mr Traicos is a lawyer with more than 30 years' experience in legal and corporate affairs in Australia and Southern Africa. He has acted as a commercial / legal manager to several Australian resource companies and has been involved in resource projects and acquisitions in Australia, Africa and Indonesia. John is admitted to practice law in Western Australia and has been Legal Manager and Company Secretary for MZI Resources Ltd, Company Secretary and Commercial Legal Manager for Perilya Limited [2000 – 2005] and Tanami Gold NL [2005 – 2007], Commercial Legal Manager for Strike Energy Limited [2007 - 2011] and General Manager for Oro Verde Limited [formerly Ezenet Limited] [2011 – 2012]..

Mr Traicos is currently a director of Bassari Resources Limited (ASX: BSR).

Mr. Traicos does not hold any securities in Pacific Bauxite.

MELISSA CHAPMAN (Appointed 6 September 2021)
Joint Company Secretary

Ms Chapman has over 15 years of experience in the accounting profession. She has worked in Australia and the United Kingdom for both listed and private companies and currently provides accounting and company secretarial services to several listed resource companies.

Ms Chapman holds a Bachelor of Commerce degree from the Murdoch University, and has qualified as a Certified Practising Accountant with CPA Australia; she has also completed a Graduate Diploma of Corporate Governance with the Governance Institute of Australia, and the company directors course with the Australian Institute of Company Directors

CATHERINE GRANT-EDWARDS (Appointed 6 September 2021)
Joint Company Secretary

Ms Grant-Edwards has 15 years of experience in accounting and finance and currently provides accounting and company secretarial services to several listed resource companies.

Ms Grant-Edwards has a Bachelor of Commerce degree from the University of Western Australia, majoring in Accounting and Finance, and is a qualified Accountant with the Institute of Chartered Accountants Australia (**ICAA**).

Principal Activities

The principal activity of the Group during the course of the financial year was mineral exploration.

Dividends

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

Review of Operations

Information on the operations of the Group and its corporate activities is set out in the Review of Operations.

Financial Position

The net loss of the Group for the year after tax was $648,626 (2020: loss of $1,091,937). Major costs were administration $648,177 (2020: $859,242) which includes administrators' fees of $412,957 (2020: $544,273), employment costs of $nil (2020: $97,307) and the Group's share of the losses of its associate $nil (2020: losses $90,138).

Significant changes in the state of affairs

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.

There have been no significant changes in the state of affairs of the Group other than those disclosed in the Review of Operations.

Matters Subsequent to the End of the Financial Year

Voluntary Administration

Subsequent to the year end, on 12 August 2021, the Deed Administrators announced that a replacement proponent, Oceanic Capital Pty Ltd (**Oceanic**) has presented a revised recapitalisation proposal on 5 August 2021 which was accepted by creditors on 23 August 2021 (**Third Creditors Meeting**).

On 6 September 2021, the Deed 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 Deed Administrators retaining supervisory powers.

Board Changes

Subsequent to the year end, on 6 September 2021 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 Secretary effective 6 September 2021.

No other matters or circumstances have arisen since the end of the 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.

Likely Developments and Expected Results of Operations

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

Until the Company has recommenced trading on the ASX, likely developments, future prospects and business strategies of the operations and the expected operations have not been included in this report.

Environmental Regulation

The Directors believe the Group is not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Greenhouse Gas and Energy data reporting requirements

The Group is subject to the reporting requirements of both the *Energy Efficiency Opportunities Act 2006* and the *National Greenhouse and Energy Reporting Act 2007*.

The *Energy Efficiency Opportunities Act 2006* requires the Group to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the Group intends to take as a result. The *National Greenhouse and Energy Reporting Act 2007* requires the Group to report its annual greenhouse gas emissions and energy use.

For the year ended 30 June 2021 the Group was below the reported threshold for both legislative reporting requirements therefore is not required to register or report. The Group will continue to monitor its registration and reporting requirements however it does not expect to have future reporting requirements.

Directors' Meetings

The following table sets out the number of meetings of the Company's Directors held while each Director was in office and the number of meetings attended by each Director:

	Board Meetings	
Director	**Number of meetings held while in office**	**Number of meetings attended**
Peter Lewis	-	-
Peter Michael	-	-
John Traicos	-	-

REMUNERATION REPORT (AUDITED)

The information contained in the remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

Principles Used to Determine the Nature and Amount of Remuneration

The Group's policy for determining the nature and amount of emoluments of Board members and senior executives are as follows:

Executive Remuneration

The Group's remuneration policy for Executive Directors is designed to promote superior performance and long-term commitment to the Group. Executives receive a base salary which is market related. Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the best interests of the Group and its shareholders to do so. The Board's reward policy reflects its obligation to align executives' remuneration with shareholders' interests and retain appropriately qualified executive talent for the benefit of the Group. The main principles of the policy are:

- Reward reflects the competitive market in which the Group operates;
- Individual reward should be linked to performance criteria; and
- Executives should be rewarded for both financial and non-financial performance.

Refer below for details of Executive Directors' remuneration.

Non-Executive Remuneration

Shareholders approve the maximum aggregate remuneration for Non-Executive Directors. The Board recommends the actual payments to Directors. The maximum aggregate remuneration approved for Non-Executive Directors is currently $350,000 (2020: $350,000). The Group has agreed to pay an insurance premium for Directors and Officers Liability.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Refer below for details of Non-Executive Directors' remuneration.

Executives are also entitled to participate in the employee share and option arrangements. Refer to note 23(b) in the financial report for details of all Directors' share and option holdings.

The Executive Directors and Executives receive a superannuation guarantee contribution (where applicable) required by the government, which, as at 30 June 2021 was 9.5%, and do not receive any other retirement benefits.

All remuneration paid to Directors and Executives is valued at the cost to the Group and expensed.

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required; during the year no advice was sought. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in Pacific Bauxite and are able to participate in an employee option plan (none adopted to date).

Performance Based Remuneration

The Board believes that as the Group is in its start-up phase of development it is not feasible to establish meaningful Key Performance Indicators from which to base Director and Executive remuneration packages. Once the Group is more fully established the Board will reconsider this policy.

Use of Remuneration Consultants

For the year ended 30 June 2021, the Group did not employ any remuneration consultants to provide recommendations on employee remunerations matters.

Remuneration Governance

The Group has not established a remuneration committee due to the relatively small size and early stage of development of the Group. The Board as a whole monitors the activities normally reserved for a remuneration committee. The Corporate Governance Statement provides further information on the role of the Board in this context.

Details of Remuneration

Details of the remuneration of the Directors and key management personnel of the Group are set out below.

The Key Management Personnel (**KMP**) of the Group include:

- Peter Lewis (Non-Executive Chairman) (Appointed 30 January 2018, appointed Chairman on 29 November 2018)
- Peter Michael (Non-Executive Director) (Appointed 6 September 2021)
- John Traicos (Non-Executive Director) (Appointed 6 September 2021)

Key Management Personnel Remuneration:

2021

Name	Short Term Cash salary and fees $	Post-employment Superannuation $	Share-based payments Options $	 Shares $	Total $	Share-based payments as a % of total remuneration
Peter Lewis	-	-	-	-	-	-
Peter Michael	-	-	-	-	-	-
John Traicos	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

2020

Name	Short Term Cash salary and fees $	Post-employment Superannuation $	Share-based payments Options $	 Shares $	Total $	Share-based payments as a % of total remuneration
Peter Lewis	43,065[1]	-	-	-	43,065	-
Craig Smith	28,710[2]	-	-	-	28,710	-
Campbell McKenzie	28,710[3]	-	-	-	28,710	-
Total	**100,484**	**-**	**-**	**-**	**100,484**	**-**

[1] Cash salary and fees accrued to 24 December 2019 when the Company entered into voluntary administration
[2] Cash salary and fees to 23 December 2019 being the date of resignation
[3] Cash salary and fees to 23 December 2019 being the date of resignation

Share-based Compensation

There were no options granted as part of remuneration in the current or prior year.

Additional Information

The table below sets out the performance of the Group and the consequences on shareholders' wealth for the past five years:

	2021	2020	2019	2018	2017
Quoted price of ordinary shares at period end (cents)	0.3*	0.3*	0.7	1.6	1.7
Earnings / (loss) per share (cents)	(0.16)	(0.28)	(0.53)	(1.49)	(1.11)
Dividends paid	-	-	-	-	-

* Share price based on the last day of trading on the ASX before being suspended

Service Agreements and Remuneration Commitments

The following service agreements and remuneration arrangements were in place during the period:

- Peter Lewis – PB Lewis & Co Pty Ltd - On the 29 November 2018 Mr Peter Lewis's role changed from Non-Executive Director to Non-Executive Chairman. Mr Lewis's remuneration increased from $52,560 per annum (incl. GST) to $71,175 per annum (incl. GST) effective 1 December 2018. Effective 13 June 2019, Mr Lewis's remuneration increased to $90,000 per annum (excl. GST) following a market review of Director remuneration. Mr Lewis has been deferring a part of his remuneration to prioritise cash flow to activates directly related to exploration. The amount owing to Mr Lewis at 30 June 2021 was $66,775 which is expected to be settled under the DOCA.

Security Trading Policy

Pacific Bauxite's security trading policy provides guidance on acceptable transactions in dealing in the Company's various securities, including shares, debt notes and options. Pacific Bauxite's security trading policy defines dealing in Company securities to include:

(a) subscribing for, purchasing or selling Company securities or entering into an agreement to do any of those things;
(b) advising, procuring or encouraging another person (including a family member, friend, associate, colleague, family Company or family trust) to trade in Company Securities; and
(c) entering into agreements or transactions which operate to limit the economic risk of a person's holdings in Company securities.

The securities trading policy details acceptable and unacceptable times for trading in Company securities including detailing potential civil and criminal penalties for misuse of "inside information". The Directors must not deal in Company securities without providing written notification to the Chairman. The Chairman must not deal in Company securities without the prior approval of the Board of Directors. The Directors are responsible for disclosure to the market of all transactions or contracts involving the Company's shares.

Pacific Bauxite's Employee Option Plan expired on 8 August 2017. There is no current plan in place.

Voting and Comments Made at the Group's 2020 Annual General Meeting.

The Company has not yet held it's 2020 Annual General Meeting. The Company is currently taking the relevant steps to allow the effectuation of a DOCA subject to shareholder approval, and recapitalisation of the Company, which includes the scheduling of the 2020 Annual General Meeting.

-------------- END OF REMUNERATION REPORT (AUDITED) ---------------

Shares under Option

Unissued ordinary shares of Pacific Bauxite under option at the date of this report is nil.:

During the year a total of 68,310,044 unlisted options with an exercise price of $0.06 and an expiry date of 25 June 2021 lapsed. During the prior year no options lapsed. There are no options or performance rights outstanding at the date of this report.

Performance Rights

There were no performance rights issued during the year (2020: Nil).

There are no performance rights on issue at the date of this report.

Indemnifying Officers

During the financial year, the Group did not pay any premiums in respect of a contract insuring the directors and company secretary to the extent permitted by the *Corporations Act 2001*.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or any related body corporate against a liability incurred as such an officer.

Proceedings on Behalf of the Group

No person has applied for leave of Court, under section 237 of the *Corporations Act 2001*, to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is party for the purpose of taking responsibility on behalf of the Group for all or part of these proceedings. The Group was not a party to any such proceedings during the year.

Non-Audit Services

No non-audit services were provided to the Group by the Group's auditors during the year ended 30 June 2021. Non-audit services are only provided by the Group's auditors where the Board of Directors is satisfied that the provision of non-audit related services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001*, for the year ended 30 June 2021 has been received and is set out on page 12.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Peter Lewis
Chairman
3 November 2021

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

As lead auditor of the audit of Pacific Bauxite Limited for the year ended 30 June 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 audit; and**
- **no contraventions of any applicable code of professional conduct in relation to the audit.**

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

Rothsay Auditing

Daniel Dalla
Partner

3 November 2021

This Corporate Governance Statement is current as of 3 November 2021 and approved by the Board of Directors on that date.

Pacific Bauxite Limited (**Pacific Bauxite** or the **Company** or the **Group**) has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Group's Board is committed to administering the policies and procedures with openness and integrity and pursuing the true spirit of corporate governance commensurate with the Group's needs. To the extent they are applicable, Pacific Bauxite has adopted the eight recommendations set by the Australian Securities Exchange Corporate Governance Council (**ASX**) in its publication Corporate Governance Principles and Recommendations (4th Edition) (**Recommendations**). Where, after due consideration, the Group's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

As the Group's activities develop in size, nature and scope, the Board's implementation of additional corporate governance structures will be given further consideration.

Key corporate governance issues are outlined below, followed by explanations of areas where the Group's policy differs from recommended practice.

Board Composition

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the financial report and their term of office are detailed in the Directors' Report.

Corporate Reporting

The Directors have made the following certifications to the Board:

- that Pacific Bauxite's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Group and are in accordance with relevant accounting standards; and
- that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Group's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Code of Conduct

The Group has developed a Code of Conduct (**Code**), which has been fully endorsed by the Board and applies to all Directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

In summary, the Code requires that at all times all Pacific Bauxite personnel act with the utmost integrity, objectivity, in the best interests of the Group and in compliance with the letter and the spirit of the law and the Group's policies.

Any breaches of the Code are reported to the Chairman in the first instance for notification to the Board.

The Directors are satisfied that the Group has complied with its policies on ethical standards, including trading in securities.

Continuous Disclosure and Shareholder Communication

Pacific Bauxite has a policy that information concerning the Group that a reasonable person would expect to have a material effect on the price of its securities is continuously disclosed as required under the ASX Listing Rules.

The Group encourages communication with shareholders and the attendance and effective participation by shareholders at general meetings.

The Chairman and Company Secretaries, in conjunction with the other Board members, have been nominated as the people responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

Annual and half yearly reports are made available on the ASX website and mailed to those shareholders who request a hard copy.

Independent Advice

There is no formal policy or procedure regarding the taking of professional advice by the independent Directors. However, no restrictions are placed on them taking advice on matters arising from their roles as independent Directors of Pacific Bauxite, or the reimbursement of the costs incurred by the Group.

Independence of Board Members

The determination by the Board as to whether individual Directors are independent is a matter of judgment. In making this determination, the Board has followed the guidance in Box 2.3 of the Recommendations. The Board considers that the relationships the independent Directors have with the Group do not materially impact on their independence. In determining the materiality of these relationships, the Board has considered both quantitative and qualitative factors. In determining the quantitative factors, the Board considers that a relationship is immaterial where it is equal to or less than 5% of the base amount. In applying this level of materiality to the relationship of the independent Directors, in the case of shareholders and suppliers, the Board considers that the independent Directors' interest is less than 5% of the base amount. In respect to the qualitative measures, the Board has considered the factors affecting the independent Directors' relationship with the Group and considers these qualitative factors to be immaterial in the assessment of their independence.

Mr. Lewis, Mr Traicos and Mr Michael's, all Non-Executive Directors, are considered by the Board to be independent Directors.

Trading Policy

The Group's policy regarding Directors and employees trading in its securities is set by the Board of Directors. The policy restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

Remuneration Policy

The Group's remuneration policy was developed by and approved by the Board. All executives receive a salary and statutory superannuation where applicable.

The Group occasionally participates in share-based remuneration for its Directors and management and also employees and consultants. The terms of the shares and options issued to Directors, employees and consultants are based on what similar sized companies in the mining industry are offering. All shares and options to be issued to Directors require shareholder approval before being issued.

The amount of remuneration paid to all Directors, including monetary and non-monetary components, is detailed in the Directors' Report under the "Key Management Personnel Remuneration" heading. All remuneration paid to executives is valued at the cost to the Group and expensed. Shares given to executives are valued as the difference in the market value of those shares and the amount paid by the executive. Options given to executives are valued using the Black-Scholes methodology.

Corporate Governance Summary

This Corporate Governance summary discloses the extent to which the Group will follow the Recommendations set by the ASX Corporate Governance Council. While the Recommendations are not mandatory, the Recommendations not followed by the Group have been identified below and reasons have been provided for not following them.

	ASX Principle	Complied	Reference/Comment
Principle 1:	**Lay solid foundations for management and oversight**		
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	**YES**	The Group has adopted a Board charter, which sets out the roles and responsibilities of the Board and management.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	**YES**	The Group undertakes appropriate checks before appointing a person or putting forward to security holders a candidate for election as a director. All material relevant to a decision to elect/re-elect a director is provided to security holders in a Notice of Meeting in which a resolution to elect/re-elect is voted on.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment	**NO**	Each Director has signed a consent to act and will enter into a written agreement outlining the terms of their appointment prior to the outcome of the DOCA.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	**YES**	The Board Charter outlines the roles and responsibilities of the Company Secretary. The Company Secretary is accountable directly to the Board through the Chair on all governance matters.
1.5	A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior	**YES**	The Group has adopted a Diversity Policy. The Group's commitments are as follows: • The Company attract, develop and retain employees from the widest possible pool of talent. • Embrace diversity and inclusion within our teams.

	executives and workforce generally; and (c) disclose in relation to each reporting period: 1) the measurable objectives set for that period to achieve gender diversity; 2) the entity's progress towards achieving those objectives; and 3) either: (i) the respective proportions of men and women on the Board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.		• Respect the diversity of everyone involved in our domestic and international activities, including all employees and stakeholders. • Foster a culture that maximises the benefits of diverse experiences and perspectives. Our employment decisions will be transparent and fair, based on role requirements. We expect all contractors working on our sites to have policies and procedures in place that will ensure their employees are treated no less fairly than our own. The Company does not presently believe that setting mandatory measurable objectives regarding gender diversity adds additional value to the Company at this stage. Our employment decisions are made transparently, fairly, and purely based on role requirements. As at 30 June 2021 there were two females in senior executive positions. The Group is not a "relevant employer" under the *Workplace Gender Equality Act*.
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	**NO**	The Group does not currently have a formal performance evaluation process. Performance evaluation is considered informally from time to time in Board meetings. No specific performance evaluation was undertaken during the reporting period, and the Board does not at this stage consider any benefits would be gained by introducing a formal evaluation process.
1.7	A listed entity should: (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance	**NO**	The Group does not currently have a formal performance evaluation process. Performance evaluation is considered informally from time to time in Board meetings. No specific performance evaluation was undertaken during the reporting period, and the Board does not at this stage consider any benefits

	with that process during or in respect of that period.		would be gained by introducing a formal evaluation process.
Principle 2:	**Structure the board to be effective and add value**		
2.1	The board of a listed entity should: (a) have a nomination committee which: 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director, and disclose: 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	**NO**	No separate nomination committee has been established however this function is carried out by the full Board.
	(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	**NO**	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 will reassess its corporate governance practices following an outcome being known.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	**NO**	Although no formal skills matrix has been prepared, the Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each Director has relevant industry experience and specific expertise relevant to the Group's business and level of operations. The Board does not consider a skills matrix would provide any benefits to the Group at this time.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an	**YES**	The Board currently comprises three Director who are considered independent. None of these Board member's independence is compromised by virtue of the factors contained in Box 2.3. 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 will reassess its corporate

	explanation of why the board is of that opinion; and (c) the length of service of each director.		governance practices following an outcome being known.
2.4	A majority of the board of a listed entity should be independent directors	**YES**	
2.5	The Chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	**YES**	The position of Independent Chairman is not currently the CEO.
2.6	A listed entity should have a program for inducting new directors and periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skill and knowledge needed to perform their role as directors effectively.	**NO**	Although no formal program exists, the Board actively encourages continuing professional development of all key staff.
Principle 3:	**Promote ethical and responsible decision-making**		
3.1	A listed entity should articulate and disclose its values.	**YES**	The Group has formulated a Code of Conduct a summary is detailed above.
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	**YES**	The Group has formulated a Code of Conduct a summary is detailed above.
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	**NO**	The Group does not currently have a whistleblower policy. 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 will reassess its corporate governance practices following an outcome being known.
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	**NO**	The Group does not currently have an anti-bribery policy. 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 will reassess its corporate governance practices following an outcome being known.

Principle 4:	**Safeguard the integrity of corporate reports**		
4.1	The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (c) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	**NO** **YES**	The Board does not currently have a separate audit committee. The Group's financial statements are prepared externally by qualified accountants and reviewed in detail by the Board. The Board also relies on the functions and capabilities of the external auditors to ensure the proper audit of the financial statements. 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 will reassess its corporate governance practices following an outcome being known.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	**NO**	For the financial year ended 30 June 2021 and half-year ended 31 December 2020, the company's Chairman and external administrators have authorised the financial statements. 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 will reassess its corporate governance practices following an outcome being known.
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	**YES**	Periodic corporate reports are reviewed by the Board prior to release to the market.
Principle 5:	**Make timely and balanced disclosures**		
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under	**YES**	The Company has a Continuous Disclosure Policy. A summary is detailed above.

	Listing Rule 3.1.		
5.2	A listed entity should ensure that its board received copies of all material market announcements promptly after they have been made.	**YES**	All ASX announcements are reviewed by the Board prior to release to the market
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	**YES**	The Company released copies of its presentation materials via the market announcements platform ahead of presentations.
Principle 6:	**Respect the rights of shareholders**		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	**NO**	In line with adherence to continuous disclosure requirements of ASX, all shareholders are kept informed of major developments affecting the Group. This disclosure is through regular shareholder communications including the Annual Reports, Half Yearly Reports, Quarterly Reports and the ASX website covering major transactions and events or other price sensitive information. 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 will reassess its corporate governance practices following which a dedicated website will likely be reinstated.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	**YES**	The Group has formulated a Shareholder Communication Policy. A summary is detailed above.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	**YES**	The Group has formulated a Shareholder Communication Policy. A summary is detailed above.
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	**YES**	The Company confirms that all resolutions at a meeting of shareholders are decided by poll.
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	**YES**	The company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to

			receive correspondence from the company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry.
Principle 7:	**Recognise and manage risk**		
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director, and disclose: 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	**NO**	Given the current size and nature of the business, the risk management of the business is carried out by the Board, no separate committee exists.
	(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	**YES**	The Board is aware of the various risks that affect the Group and its particular business and has implemented a number of controls to mitigate or limit the effects of these risks. 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 will reassess its corporate governance practices following which it will develop formal policies to deal with risk oversight management and internal compliance.
7.2	The board or a committee of the board should: (a) Review the entity's risk management framework at least annually to satisfy	**NO**	The Company is currently taking the relevant steps to allow the effectuation of a DOCA subject to shareholder approval, and

	that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and (b) Disclose, in relation to each reporting period, whether such a review has taken place.		recapitalisation of the Company and will reassess its corporate governance practices following an outcome being known.
7.3	A listed entity should disclose: (a) If it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	**NO** **YES**	The Board has the responsibility for ensuring the effectiveness of risk management and internal compliance and control. As part of the review process the Board considers the extent to which the risk process has been successful in retrospect with regard to the identification and mitigation of risks. This is required at all times and the Board actively promotes a culture of quality and integrity. The Company does not have an internal audit function due to its size. 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 will reassess its corporate governance practices following an outcome being known.
7.4	The listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does how it manages or intends to manage those risks.	**YES**	The Group does not believe it has any material exposure to economic, environmental or social sustainability risks.

Principle 8:	**Remunerate fairly and responsibly**		
8.1	The board of a listed entity should: (a) have a remuneration committee which: 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director, and disclose: 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	**NO** **NO**	Due to the small size of the Group, a remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. This procedure is currently conducted by the Board. 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 will reassess its corporate governance practices following an outcome being known.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors, executive directors and senior executives.	**YES**	Refer to the Remuneration Report.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it	**NO**	The Group does not have a formal equity-based remuneration scheme.

	Note	2021 $	2020 $
Revenue from continuing operations	4	-	2,954
Other Income	4	-	152,216
Gain from assets held for sale		-	12,386
Administration		(648,177)	(859,242)
Exploration costs		(449)	(16,452)
Depreciation		-	(12,934)
Employment costs		-	(97,307)
Impairment of fixed assets		-	(93,281)
Impairment of loan to associate	22	-	(180,277)
Impairment of investment in associate	22	-	90,138
Share of net loss of associate	22	-	(90,138)
(Loss) before Income Tax		(648,626)	(1,091,937)
Income tax (expense) / benefit	5	-	-
(Loss) for the year		**(648,626)**	**(1,091,937)**
Loss is attributable to			
Owners of Pacific Bauxite Limited		(648,626)	(1,091,937)
Other comprehensive income		-	-
Total comprehensive (loss) for the year		**(648,626)**	**(1,091,937)**
(Loss) per share attributed to the owners of Pacific Bauxite Limited			
Basic loss per share (cents)	16	(0.16)	(0.28)

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

PACIFIC BAUXITE LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	Note	2021 $	2020 $
CURRENT ASSETS			
Cash and Cash Equivalents	7	7,016	40,242
Restricted Cash	9	61,500	61,500
Trade and Other Receivables	10	32,582	37,040
TOTAL CURRENT ASSETS		101,098	138,782
TOTAL ASSETS		101,098	138,782
CURRENT LIABILITIES			
Trade and Other Payables	11	1,507,188	936,246
Provisions	12	1,742	1,742
TOTAL CURRENT LIABILITIES		1,508,930	937,988
TOTAL LIABILITIES		1,508,930	937,988
NET ASSETS		**(1,407,832)**	**(799,206)**
EQUITY			
Issued Capital	13	20,321,348	20,281,348
Reserves	14	1,624,540	1,624,540
Accumulated Losses		(23,353,720)	(22,705,094)
TOTAL EQUITY		**(1,407,832)**	**(799,206)**

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

2021	**Issued Capital**	**Accumulated Losses**	**Option Reserve**	**Total**
	$	**$**	**$**	**$**
Balance as at 1 July 2020	**20,281,348**	**(22,705,094)**	**1,624,540**	**(799,206)**
Total comprehensive income for the year				
Loss for the year	-	(648,626)	-	(648,626)
Total comprehensive loss for the year	**-**	**(648,626)**	**-**	**(648,626)**
DOCA contribution	40,000	-	-	40,000
Balance as at 30 June 2021	**20,321,348**	**(23,353,720)**	**1,624,540**	**(1,407,832)**

2020	**Issued Capital**	**Accumulated Losses**	**Option Reserve**	**Total**
	$	**$**	**$**	**$**
Balance as at 1 July 2019	**20,181,348**	**(21,613,157)**	**1,624,540**	**192,731**
Total comprehensive income for the year				
Loss for the year	-	(1,091,937)	-	(1,091,937)
Total comprehensive loss for the year	**-**	**(1,091,937)**	**-**	**(1,091,937)**
DOCA contribution	100,000	-	-	100,000
Balance as at 30 June 2020	**20,281,348**	**(22,705,094)**	**1,624,540**	**(799,206)**

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

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		-	380
Receipts from customers		-	4,054
Payment for exploration and evaluation		(449)	(74,920)
Movement in cash from non-restricted to restricted		-	10,000
Payments to suppliers and employees		(72,777)	(360,836)
Refund of costs		-	50,000
Due diligence costs		-	(10,000)
NET CASH (OUTFLOWS) FROM OPERATING ACTIVITIES	8	(73,226)	(381,322)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from DOCA		40,000	100,000
Proceeds from sale of property, plant and equipment		-	12,386
Payments for property, plant and equipment		-	(175)
Proceeds from sale of available for sale financial assets		-	100,000
Costs from sale of available for sale financial assets		-	(10,000)
NET CASH INFLOW / (OUTFLOWS) FROM INVESTING ACTIVITIES		40,000	202,211
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for finance lease		-	(8,790)
NET CASH (OUTFLOWS) FROM FINANCING ACTIVITIES		-	(8,790)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(33,226)	(187,901)
Cash and cash equivalents at the beginning of the financial year		40,242	233,893
Effect of exchange rate fluctuations		-	(5,750)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	7,016	40,242

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**), Australian Accounting Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The financial statements of the Group also comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**). Pacific Bauxite Limited is a for profit entity for the purpose of preparing the financial statements.

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 $648,626 (30 June 2020: $1,091,937) and net cash outflows from operating activities of $73,226 (30 June 2020: $381,322). The cash balance as at 30 June 2021 was $7,016 (30 June 2020: $40,242).

As noted in the ASX Announcement (see ASX Announcement 16 June 2021), First Guardian Synergy Capital Limited withdrew from the Deed of Company Arrangement.

Notwithstanding this, and subsequent to the year end, the Deed Administrators have confirmed the execution of the DOCA variation with Oceanic Capital Pty Ltd effective 6 September 2021. Oceanic Capital Pty Ltd 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.

Adoption of New and Revised Accounting Standards

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for reporting periods beginning on 1 July 2020 including:

Conceptual Framework for Financial Reporting and relevant amending standards

The Group has adopted the conceptual framework for financial reporting and relevant amending standards with the date of initial application being 1 July 2020.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity
- Chapter 4 – The elements of financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement
- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance

Amendments to References to the Conceptual Framework in IFRS Standards has also been issued, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying IFRS 3 and developing accounting policies for regulatory account balances using IAS 8, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the 2010 Conceptual Framework, and not the definitions in the revised Conceptual Framework.

At 1 July 2020 it was determined that the adoption of the conceptual framework for financial reporting and relevant amending standards had no impact on the Group.

AASB 2018-7 Definition of Material (Amendments to AASB 101 and AASB 108)

The Group has adopted AASB 2018-7 with the date of initial application being 1 July 2020.

This Standard amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

At 1 July 2020 it was determined that the adoption of AASB 2018-7 had no impact on the Group.

New accounting standards and interpretations not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations has not identified any impact.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Historical Cost Convention

These financial statements have been prepared under the historical cost convention.

Critical Accounting Estimates and Significant Judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pacific Bauxite as at 30 June 2021 and the results of all subsidiaries for the year then ended. Pacific Bauxite and its subsidiaries together are referred to in this financial report as either **Pacific Bauxite** or the **Company** or the **Group**.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group that are recorded in the consolidated statement of profit or loss and other comprehensive income. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and statement of changes in equity respectively.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

(c) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(d) Exploration and Evaluation Expenditure

Exploration, evaluation expenditure is expensed in respect of each identifiable area of interest held in the name of the Group. Acquisition costs are capitalised and recognised on the statement of financial position only to the extent that there exists evidence of the capitalised expenditure to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated acquisition costs in relation to an abandoned area are written off in full to the statement of profit or loss and other comprehensive income in the year in which the decision to abandon the area is made.

When production commences, the accumulated exploration, acquisition and development costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. Any costs of site restoration are provided for during the relevant production stages (where the liabilities exist) and included in the costs of that stage. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(e) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed in the statement of profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(f) Trade Receivables

Trade receivables are initially recognised at their transaction price and other receivables at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group recognises the lifetime expected credit loss for trade receivables carried at amortised cost. The expected credit losses on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast conditions at the reporting date.

For all other receivables measured at amortised cost, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to expected credit losses within the next 12 months.

The Group considers an event of default has occurred when a financial asset is more than 120 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(g) Property, Plant & Equipment

Each asset of property, plant and equipment is carried at cost, less where applicable, any accumulated depreciation and impairment losses. Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

Items of plant and equipment are depreciated using the diminishing value method over their estimated useful lives to the Group. Depreciation on other classes of assets is done using the straight-line method. The depreciation rates used for each class of asset for the current period are as follows:

- Buildings 2.5%
- Property Improvements 2.5%
- Plant and Equipment 10% - 66.67%

Assets are depreciated from the date the asset is ready for use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets continual use or subsequent disposal. The expected cash flows have been discounted to their present value in determining the recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the consolidated statement of profit or loss and other comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(h) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantively enacted by the end of the reporting period.

Deferred income tax is accounted for using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax from the initial recognition of an asset or liability, in a transaction other than a business combination is not accounted for if it arises that at the time of the transaction it affects neither accounting or taxable profit nor loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the asset is realised, or liability is settled. Deferred tax is credited in the profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Employee Benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(j) Share-Based Payments

The Group provides benefits to employees (including Directors) of Pacific Bauxite in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (**equity-settled transactions**). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option-pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Refer to note 15 for further information.

(k) Cash and Cash Equivalents

For the purpose of the Consolidated Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within three months, net of outstanding bank overdrafts.

(l) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other income

Sale of assets is calculated with reference to the carrying value of the asset less the consideration received to arrive at the profit on sale.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Contributed Equity

Ordinary issued share capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in share proceeds received.

(o) Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(p) Joint Ventures

Jointly Controlled Assets

Interest in the joint venture operation is brought to account by including in the respective classifications, the share of individual assets employed and share of liabilities and expenses incurred.

(q) Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(r) Earnings Per Share

Basic earnings per share

Basic earnings per share is determined by dividing profit attributable to owners of the Company, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figure used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(s) Investments and Other Financial Assets

Classification

The Group classifies its financial assets at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at initial recognition.

Recognition

Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables are carried at amortised cost using the effective interest method. Details on how the fair-value of financial instruments are determined are disclosed in note 18.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of profit or loss and other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 18.

(t) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(u) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

3. Critical Accounting Estimates and Judgements

Key estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

(i) Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(ii) Exploration and evaluation expenditure

The Group's accounting policy for exploration and evaluation expenditure results in expenditure being expensed with acquisition costs being capitalised for an area of interest where it is considered likely to be recovered by future exploitation or sale or where the activities have reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the acquisition costs under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the statement of profit or loss and other comprehensive income.

(iv) Share-based payments

The Group's accounting policy for share-based payments results in the cost of equity-settled transactions with employees being measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model. In undertaking this valuation, the Group makes certain judgments regarding the model inputs. In determining the model inputs consideration is made of publicly available information of transactions of a similar nature.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Refer to note 15 for further information.

(v) Recognition of deferred taxes

The Group's accounting policy for recognising deferred tax assets states that a deferred tax asset may only be recognised where if it is probable that there will be future taxable amounts available to utilise those deferred tax assets.

After reviewing the Group's current contracts and future revenue and expense estimates, the Group's management have made a judgement that whilst there is an expectation that there will be sufficient future taxable amounts available to utilise the Future Tax Assets, there is insufficient evidence available to recognise the Future Tax Assets at 30 June 2021 as required under *AASB 112 Income Taxes.*

4. Revenue

	2021 $	2020 $
From Continuing Activities		
Sales revenue	-	2,954
Other Income		
Interest income	-	380
Recovery of due diligence costs	-	50,000
Sale of royalty	-	100,000
Other	-	1,836
	-	152,216

5. Income Tax

	2021 $	2020 $
(a) Numerical reconciliation of income tax to prima facie tax payable		
Net (Loss) before tax	(648,626)	(1,091,937)
Tax expense / (benefit) at the Australian tax rate of 26.0% (2020: 27.5%)	(168,643)	(300,283)
Tax effect of amounts that are not deductible / taxable in calculating taxable income		
Share of net loss of associate	-	24,788
Impairment of loan to associate	-	49,576
Impairment of investment in associate	-	(24,788)
Sundry items	(4,420)	14,508
Future tax assets not brought to account	173,063	236,199
Income tax expense /(benefit)	-	-
Tax Losses		
Unused tax losses for which no deferred tax asset has been recognised	17,317,811	16,652,184
Potential tax benefit @ 26.0%	4,502,631	4,579,351

Included in the Future Tax Assets not brought to account are tax losses for which no deferred tax asset has been recognised, but where a Future Tax Asset had been recognised in a prior year. After reviewing the Group's current contracts and future revenue and expense estimates, the Group's management have made a judgement that whilst there is an expectation that there will be sufficient future taxable amounts available to utilise the deferred tax assets, there is insufficient evidence available to recognise the Future Tax Assets at 30 June 2021 as required under *AASB 112 Income Taxes*. Accordingly, the tax losses available as at 30 June 2021 have not been recognised as Future Tax Assets.

6. Segment information

Management treats the Australian operations and the Solomon Island operations as a separate operating segment and are reported on as such.

30 June 2021	Solomon Islands $	Australia	Total $
Revenue	-	-	-
Total Segment Revenue	-	-	-
Segment net operating profit/loss after tax	-	(648,626)	(648,626)
Interest revenue	-	-	-
Other revenue	-	-	-
Depreciation	-	-	-
Segment Assets	-	101,098	101,098
Segment Liabilities	-	(1,508,930)	(1,508,930)

30 June 2020	Solomon Islands $	Australia	Total $
Revenue	-	167,556	167,556
Total Segment Revenue	-	167,556	167,556
Segment net operating loss after tax	(182,834)	(909,104)	(1,091,938)
Interest revenue	-	380	380
Other revenue	-	164,602	164,602
Depreciation	-	(12,934)	(12,934)
Segment Assets	-	138,782	138,782
Segment Liabilities	-	(937,988)	(937,988)

7. Cash and Cash Equivalents

	2021 $	2020 $
Cash at bank and in hand	7,016	40,242

8. Reconciliation of the Operating Loss After Tax to the Net Cash Flows from Operating Activities

Cash Flow Information	2021 $	2020 $
(Loss)/Profit after income tax	(648,626)	(1,091,937)
Adjustments to reconcile profit after tax to net cash flow		
Depreciation	-	12,934
Impairment of fixed assets	-	93,281
Sale of royalty (net expenses, classified as investing activities)	-	(90,000)
Impairment of investment in associates	-	(90,138)
Share of net loss of associate	-	90,138
Changes in assets and liabilities		
Movement in cash from non-restricted to restricted	-	10,000
Increase/(decrease) in trade and other payables	570,942	759,363
Decrease/(increase) in trade and other receivables	4,458	(1,514)
Increase / (decrease) in provisions	-	(73,449)
Net cash (outflow) from operating activities	(73,226)	(381,322)

Financing facilities available

As at 30 June 2021 the Group had no financing facilities available.

Non-Cash Financing and Investing Activities

During the year, the Company received funding of $40,000 from First Guardian in respect to the DOCA (refer note 13).

9. Restricted Cash

	2021 $	2020 $
Restricted cash	61,500	61,500
	61,500	61,500

10. Trade and Other Receivables

	2021 $	2020 $
GST receivable	31,500	35,958
Other receivables	1,082	1,082
	32,582	37,040

11. Trade and Other Payables

	2021 $	2020 $
Trade payables (a)	360,054	360,054
Accruals & other payables	1,147,134	576,192
	1,507,188	936,246

(a) The fair value of trade payables approximates the carrying value as presented above due to their short-term nature.

12. Provisions

	2021 $	2020 $
Annual leave provision	1,742	1,742
	1,742	1,742

13. Issued Capital

	30 Jun 21 Shares	30 Jun 20 Shares	30 Jun 21 $	30 Jun 2020 $
(a) Issued Capital				
Fully paid ordinary shares	396,614,034	396,614,034	20,321,348	20,281,348

(b) Movements in issued capital

	Date	Number of shares	Issued Capital $
Opening balance	1 July 2020	396,614,034	20,281,348
DOCA contributions (i)	24 June 2020	-	85,000
DOCA contributions (i)	25 June 2020	-	15,000
DOCA contributions (i)	23 December 2020	-	25,000
DOCA contributions (i)	23 December 2020	-	15,000
Closing Balance	30 June 2021	396,614,034	20,321,348

(i) 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**).

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 creditors resolved that the Deed of Company Arrangement (**DOCA**) proposal presented by First Guardian Synergy Capital Limited (**First Guardian**) be accepted by the Company. At 30 June 2020, First Guardian contributed funds of $100k to the Company in respect to the DOCA. At 30 June 2021, First Guardian contributed additional funds of $40k to the Company in respect to the DOCA.

(c) Terms and Conditions of Issued Capital

Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has a vote on a show of hands. Ordinary shares have no par value.

(d) Capital Risk Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern so that the Group can provide returns to shareholders and benefits for other stakeholders whilst maintaining an optimal capital structure to reduce the cost of capital. The Group considers capital to consist of cash reserves on hand and available-for-sale financial assets.

The Group monitors its working capital position against expenditure requirements to undertake its planned exploration program and maintain its ongoing operations. Where required the Group will sell assets, issue new securities, raise debt or modify its exploration program to ensure the Group's working capital requirements are met.

14. Reserves

	2021 $	2020 $
Option reserve (a)	1,624,540	1,624,540
Balance at the end of the year	1,624,540	1,624,540

(a) Option reserve

Movements in option reserve:

	2021 $	2020 $
Balance at the beginning of the year	1,624,540	1,624,540
Balance at the end of the year	1,624,540	1,624,540

The nature and purpose of the option reserve is to recognise the fair value of options issued to directors, employees and consultants.

15. Share-based Payments

(a) Unlisted Options

Movements in unlisted options is summarised as follows:

	2021		2020	
	Number of options	**Weighted average exercise price (cents)**	**Number of options**	**Weighted average exercise price (cents)**
Outstanding at the beginning of the year	68,310,044	6.00	76,810,044	6.22
Expired	(68,310,044)	6.00	8,500,000	8.00
Outstanding at year-end	-	-	68,310,044	6.00
Exercisable at year-end	-	-	68,310,044	6.00

(b) Performance Rights

There are no performance rights on issue at the date of this report.

16. Earnings Per Share

	2021	2020
(a) Basic loss per share (cents)	(0.16)	(0.28)
(b) Weighted average number of ordinary shares used as the Denominator		
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	396,614,034	396,614,034
(c) Earnings used in calculating earnings per share		
Basic earnings per share	(648,626)	(1,091,937)

17. Related Party Transactions

There were no related party transactions in the year ended 30 June 2021.

18. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk in these areas is not significant enough to warrant a formalised specific risk management program.

Risk management is carried out by the Board in their day-to-day function as the overseers of the business. Where necessary the Board provides principles for overall risk areas, as well as defined policies for specific risks such as foreign exchange and credit risk.

The Group holds the following financial instruments:

		Fair value	
2021	**At amortised cost**	**Through profit and loss**	**Through other comprehensive income**
	$	**$**	**$**
Financial assets			
Cash and cash equivalents	7,016	-	-
Restricted cash	61,500		
Trade and other receivables	32,582		
Total current	101,098	-	-
Total assets	101,098	-	-
Financial liabilities			
Trade and other payables	1,507,188	-	-
Total current	1,507,188	-	-
Total liabilities	1,507,188	-	-

		Fair value	
2020	**At amortised cost**	**Through profit and loss**	**Through other comprehensive income**
	$	**$**	**$**
Financial assets			
Cash and cash equivalents	40,242	-	-
Restricted cash	61,500		
Trade and other receivables	37,040		
Total current	138,782	-	-
Total assets	138,782	-	-
Financial liabilities			
Trade and other payables	936,246	-	-
Total current	936,246	-	-
Total liabilities	936,246	-	-

(a) Market Risk

(i) Foreign Exchange Risk

Pacific Bauxite's operations are limited to activities within Australia and Solomon Islands.

Sensitivity

The Group's profit would not be materially different due to reasonable changes in exchange rates.

(ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from funds on interest bearing deposits. Funds on interest bearing deposits at variable rates expose the Group to cash flow interest rate risk.

During 2021 and 2020, the Group's funds on deposit at variable rates were denominated in Australian Dollars only.

As at the reporting date, the Group had the following variable rate funds on deposit:

	30 June 2021		30 June 2020	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	$	%	$
Funds on deposit	1.90	61,500	1.90	61,500

The Group has assessed that the impact of a reasonable movement in interest rates would not have a material impact on the net profit after tax. Accordingly, the Group's funds on deposit are managed according to the cash flow requirements of the Group rather than impact of interest rate risk.

(b) Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and receivables from Joint Venture and Farm-In operations. The Group's maximum exposure to credit risk at the reporting date was:

	2021	2020
	$	$
Financial Assets		
Cash and cash equivalents	7,016	40,242
Trade and other receivables	32,582	37,040
Restricted cash	61,500	61,500
	101,098	138,782

The Directors believe that there is negligible credit risk with the cash and cash equivalents, as funds are held at call with a reputable Australian Banking Institution which has a long-term S&P credit rating of AA-.

Other receivables relate to amounts due from the Australian Taxation Office and prepaid expenses and accordingly the Directors believe there to be negligible credit risk with these receivables.

The Group did not have any trade receivables as at 30 June 2021 and no security interests are taken to cover the recoverability of financial assets.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in at call interest bearing deposits or in bank bills that are highly liquid and with maturities of less than six months.

Financing arrangements

The Group does not have any financing arrangements.

Maturities of financial liabilities

The Group does not have any debt except for trade payables which will be extinguished upon effectuation of the DOCA.

(d) Fair Value Measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid prices at the end of the financial year. These instruments are included in Level 1.

The carrying value of trade receivables and trade payables are assumed to approximate their fair value due to their short-term nature.

Set out below is a comparison of the carrying amount and fair values of financial instruments:

2021	**Carrying amount**	**Fair value**
	$	**$**
Financial assets		
Cash and cash equivalents	7,016	7,016
Restricted cash	61,500	61,500
Trade and other receivables	32,582	32,582
Total current	101,098	101,098
Total assets	101,098	101,098
Financial liabilities		
Trade and other payables	1,507,188	1,507,188
Total current	1,507,188	1,507,188
Total liabilities	1,507,188	1,507,188

2020	**Carrying amount**	**Fair value**
	$	**$**
Financial assets		
Cash and cash equivalents	40,242	40,242
Restricted cash	61,500	61,500
Trade and other receivables	37,040	37,040
Total current	138,782	138,782
Total assets	138,782	138,782
Financial liabilities		
Trade and other payables	936,246	936,246
Total current	936,246	936,246
Total liabilities	936,246	936,246

19. Commitments

The Company had no commitments at 30 June 2021.

20. Subsidiaries

The consolidated financial statements incorporate assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of Entity	Country of incorporation	Class of shares	Equity Holding 2021 %	Equity Holding 2020 %
Iron Mountain Bauxite Pty Ltd	Australia	Ordinary	100	100
PBX Aus Pty Ltd	Australia	Ordinary	100	100

21. Parent Entity Information

The following details information related to the parent entity, Pacific Bauxite, at 30 June 2021. The information presented here has been prepared using consistent accounting policies as presented in note 1.

	2021 $	2020 $
Current assets	100,785	138,470
Non-current assets	5,050,922	5,055,921
Total assets	**5,151,707**	**5,194,391**
Current liabilities	1,508,933	937,991
Total liabilities	**1,508,933**	**937,991**
Contributed equity	20,321,348	20,181,348
Accumulated losses	(18,303,112)	(17,649,486)
Reserves	1,624,538	1,624,538
Total equity	**3,642,774**	**4,256,400**
Profit / (Loss) for the year	(648,627)	(908,282)
Other comprehensive loss for the year	-	-
Total comprehensive loss for the year	**(648,627)**	**(908,282)**

The parent company, Pacific Bauxite has lent an amount of $4,918,736 (2020: $4,918,736) to 100% owned subsidiary Iron Mountain Bauxite Pty Ltd (**IMB**) which represents the investment in Eight South, all expenditure incurred by that entity since acquisition (including its subsidiary Australian Pacific Bauxite Pty Ltd (**APB**)) and other administration costs incurred by IMB.

In accordance with the DOCA, the receivable owing from IMB to Pacific Bauxite will be released upon effectuation.

Other than those disclosed in note 19, the Directors are not aware of any contractual commitments or contingent liabilities or assets as at 30 June 2021.

Pacific Bauxite does not have any financial guarantees over bank overdrafts and loans of subsidiaries as at 30 June 2021.

22. Investments in Associates

The investment in Eight South Investments Pty Ltd (previously named AU Capital Mining Pty Ltd) (**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.

a) Movement in Carrying Amount

	2021 $	2020 $
Carrying amount at the beginning of the year	-	-
Share of losses of associate	-	90,138
Impairment of associate	-	(90,138)
Carrying amount at the end of the year	-	-

b) Summarised Financial Information of the Associate

The Group's share of the results of its principal associates and its aggregated assets and liabilities are as follows:

		Group's share of:			
	Ownership Interest %	Assets $	Liabilities $	Revenues $	Loss $
2021					
Eight South Investments Pty Ltd	50%	-	-	-	-
		-	-	-	-
2020					
Eight South Investments Pty Ltd	50%	-	-	-	-
		-	-	-	-

Under the terms of the agreement reached Pacific Bauxite is responsible for all costs in maintaining the project and the company itself. All amounts are to be carried as a loan payable to Pacific Bauxite.

c) Contingent Liabilities of the Associate

Eight South does not have any contingent liabilities.

d) Loan to the Associate

	2021 $	2020 $
Carrying amount of loan at the beginning of the year	-	-
Expenditure incurred and carried as a loan to the associate	-	180,277
Impairment of loan to associate	-	(180,277)
Carrying amount at the end of the year	-	-

As at 30 June 2021, the Group impaired the balance of this loan as it has not reached a stage where it can accurately ascertain the recoverability of this amount.

e) Impairment

The carrying amount of the investment in associate was assessed for impairment at 30 June 2021 resulting in an impairment expense of nil (2020: $90,138). The impairment of the Company's investment in associate is considered prudent given the uncertainty at reporting date regarding the status of the Solomon Islands Nendo Bauxite Project (refer to note 25).

23. Key Management Personnel Disclosures

(a) Key Management Personnel Compensation:

	2021 $	2020 $
Short-term employee benefits	-	100,484
Post-employment benefits	-	-
Share-based payment	-	-
	-	100,484

The detailed remuneration disclosures are provided in the Remuneration Report.

(b) Equity Instruments Disclosure Relating to Key Management Personnel

At reporting date, the relevant interest of each Director in ordinary fully paid shares and options of the Group were:

2021	Fully Paid Ordinary Shares				
	Balance at the beginning of the year	Shares Issued as compensation	Exercise of options	Net change other	Balance at the end of the year
Peter Lewis	4,100,000	-	-	-	4,100,000
Total	**4,100,000**	**-**	**-**	**-**	**4,100,000**

2020	Fully Paid Ordinary Shares				
	Balance at the beginning of the year	Shares Issued as compensation	Exercise of options	Net change other	Balance at the end of the year
Peter Lewis	4,100,000	-	-	-	4,100,000
Total	**4,100,000**	**-**	**-**	**-**	**4,100,000**

2021	Options					
	Balance at the beginning of the year	Issued as compensation	Exercised	Lapsed	Net change other	Balance at the end of the year
Peter Lewis	2,050,000	-	-	(2,050,000)	-	-
Total	**2,050,000**	**-**	**-**	**(2,050,000)**	**-**	**-**

2020	Options					
	Balance at the beginning of the year	**Issued as compensation**	**Exercised**	**Lapsed**	**Net change other**	**Balance at the end of the year**
Peter Lewis	2,050,000	-	-	-	-	2,050,000
Total	**2,050,000**	**-**	**-**	**-**	**-**	**2,050,000**

24. Remuneration of Auditor

	2021	2020
	$	$
Amounts paid or payable to Rothsay Auditing for:		
- an audit or review of the financial statements of Pacific Bauxite		
	17,000	17,000
	17,000	17,000

25. Events Occurring After the Reporting Period

Voluntary Administration
Subsequent to the year end, on 12 August 2021, the Deed Administrators announced that a replacement proponent, Oceanic Capital Pty Ltd (**Oceanic**) has presented a revised recapitalisation proposal on 5 August 2021 which was accepted by creditors on 23 August 2021 (**Third Creditors Meeting**).

On 6 September 2021, the Deed 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 Deed Administrators retaining supervisory powers.

Board Changes
Subsequent to the year end, on 6 September 2021 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. Additional, the Company confirmed the appointment of Ms Melissa Chapman and Ms Catherine Grant-Edwards as Joint Company Secretary effective 6 September 2021.

No other matters or circumstances have arisen since the end of the 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.

PACIFICBAUXITE LIMITED
DIRECTORS DECLARATION
30 JUNE 2021

In the Directors' opinion:

1. The financial statements and notes set out on pages 24 to 51 of Pacific Bauxite Limited for the year ended 30 June 2021 are in accordance with the *Corporations Act 2001*, including:

   a. Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   b. Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

   c. Complying with IFRS and interpretations adopted by the International Accounting Standards Board.

2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001*.

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

Peter Lewis
Non-Executive Chairman

3 November 2021

ROTHSAY
Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsay.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

PACIFIC BAUXITE LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Pacific Bauxite Limited ("the Company") and its controlled entities ("the Group") which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 1 (a) of the annual 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 (a), 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

PACIFIC BAUXITE LIMITED (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section of our report, we have determined that there are no other key audit matters to communicate in our report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

PACIFIC BAUXITE LIMITED (continued)

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx.

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2021.

In our opinion the remuneration report of Pacific Bauxite Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Rothsay

Rothsay Auditing

Dated 3 November 2021

Daniel Dalla
Partner

ASX Information

Pacific Bauxite Limited is a listed public company incorporated in Australia and with a registered and principal place of business is Level 1, 2A / 300 Fitzgerald Street, North Perth WA 607.

The substantial shareholders as at 26 October 2021 were:

Substantial Shareholder	Number Held	Percentage
Mr Scott James Dodd <Scott Dodd Family A/C>	30,800,000	7.77%

Distribution of shareholders as at 26 October 2021

Range of Holding	Holders	Shares
1 - 1,000	39	11,644
1,001 - 5,000	217	641,448
5,001 - 10,000	217	2,001,810
10,001 - 100,000	641	25,148,288
Greater than 100,000	396	368,810,844
	1,510	**396.614.034**

Shareholders with less than a marketable parcel - minimum $ 500 parcel at $ 0.003 per unit Minimum parcel size of 166,667 made up of 1,211 holders and 37,38,015 units.

TWENTY LARGEST HOLDERS OF QUOTED ORDINARY SHARES AS AT 26 October 2021

	Ordinary Shares	
	Number Held	**Percentage of issued shares**
MR SCOTT JAMES DODD <SCOTT DODD FAMILY A/C>	30,800,000	7.77%
MR JOHN ROGER DARVALL <INAMINKA A/C>	12,200,000	3.08%
MR KWOK KWONG LAU	11,200,000	2.82%
L NARRAMORE NOMINEES PTY LTD <L NARRAMORE SUPER FUND A/C>	9,056,234	2.28%
MR BRIAN HENRY MCCUBBING & MRS ADRIANA MARIA MCCUBBING <B MCCUBBING SUPER FUND A/C>	9,000,000	2.27%
MR NICHOLAS MICHAEL WIXON WILLIS	7,200,000	1.82%
DAEM NOMINEES PTY LTD <DAEM SUPER FUND A/C>	6,155,250	1.55%
SAN ANCONA NO 1 PTY LTD <SAN ANCONA PTY LTD S/F A/C>	5,000,000	1.26%
BRUCE BAADE & ASSOCIATES PTY LTD <BRUCE BAADE & ASSOC SUP A/C>	4,855,099	1.22%
STARLET COURT PTY LTD <MUSGRAVE SUPER FUND A/C>	4,000,000	1.01%
MR PAUL WINSTON ASKINS	3,865,633	0.97%
MRS HAU YING NGAI	3,800,000	0.96%
MR JON RUTHERFORD CHOMLEY & MRS PAMELA CHOMLEY <COLDCHOM SUPER FUND A/C>	3,799,352	0.96%
DR BERND ANDREAS PRUMM & MRS KATE TAHLIA WICKHAM & MR MATTHEW HORST PRUMM <PRUMM SF A/C>	3,713,336	0.94%
MISS UEN SHAN LAU	3,500,000	0.88%
MR NOEL GEORGE SMITH	3,395,228	0.86%
LAWRENCE CROWE CONSULTING PTY LTD <L C C SUPER FUND A/C>	3,384,092	0.85%
MR BRUCE G BAADE	3,372,333	0.85%
CITICORP NOMINEES PTY LIMITED	3,203,938	0.81%

AUSTGROWTH INVESTMENTS PTY LTD	3,183,001	0.80%
	134,683,496	**33.96%**

Voting Rights

In accordance with the Company's constitution, on show of hands every member present in person or by proxy or attorney or duly authorised representative had one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held. Options do not carry a right to vote.

Unquoted Securities

There were nil unquoted securities on issue at 26 October 2021.

Shares and Options escrowed

No shares or options are under escrow as at 26 October 2021.

On Market Buy-Back

There is currently no on market buy back being conducted by the Company.

Schedule of Mineral Tenements held as at 30 June 2021

Location	Tenement	Name	Holder	Equity	Status	Area
Western Australia	ELA 70/5111	Darling Range	Pacific Bauxite Ltd	100%	Application Pending	Total 405 km2