
PACIFIC BAUXITE LIMITED

ABN 62 112 914 459

(SUBJECT TO DEED OF COMPANY ARRANGEMENT)

INTERIM FINANCIAL REPORT 2020

For the Half-Year Ended 31 December 2020

PACIFIC BAUXITE LIMITED

CORPORATE DIRECTORY

Directors

Peter Lewis

Joint and Several Deed Administrators

Richard Albarran
Cameron Shaw

Registered Office

2A / 300 Fitzgerald Street
North Perth WA 6006

Head Office

2A / 300 Fitzgerald Street
North Perth WA 6006

Auditors

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

Share Registry

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

Country of Incorporation

Pacific Bauxite Limited is domiciled and incorporated in Australia

Stock Exchange Listing

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

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PACIFIC BAUXITE LIMITED

DIRECTORS' REPORT

The directors of Pacific Bauxite Limited (**Pacific Bauxite** or **Company**) submit their report for the half year ended 31 December 2020.

DIRECTORS

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

Peter Lewis – Non-Executive Chairman

REVIEW AND RESULTS OF OPERATIONS

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

The net loss of the entity for the half year after tax was \$127,033 (2019: loss of \$519,797) with total revenues of nil (2019: \$154,950). Major costs were administration \$126,583 (2019: \$280,298), employment costs of nil (2019: \$92,307) and the Group's share of the losses of its associate nil (2019: losses \$90,138).

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).

PACIFIC BAUXITE LIMITED

DIRECTORS' REPORT

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.

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 seeks 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

PACIFIC BAUXITE LIMITED

DIRECTORS' REPORT

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. Due to the Notice of Appeal being granted, the appeal remained on foot at 30 June 2020.

On 1 February 2021 (ASX Announcement dated 2 February 2021), the Company announced the judgement from the Court of Appeal in the Solomon Islands 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)." The Administrators are currently seeking options as to the possibility of reinstating the Prospecting Licence.

SOUTH WEST NEW GEORGIA PROJECT

The South West New Georgia Project (SWNG) is located in the Solomon Islands.

The Company's JVC Subsidiary, Australian Bauxite Pty Ltd, held the SWNG Prospecting License which was set to expire on 20 June 2020. The Company was not in a position to maintain the required expenditure and prospecting activities for the SWNG Prospecting License and it subsequently expired.

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.

Events occurring after the reporting date

Nendo legal developments

The Court of Appeal ordered that the Attorney General's Notice of Appeal be granted and provided directions for the filing of submissions. These directions were amended on 8 June 2020 and provided:

1. The Attorney General (the Appellant) file and serve written submissions and the Respondent (the JVC) file and serve its written submissions in support of the Cross-Appeal by 15 June 2020;
2. The Respondent and the Appellant file and serve any written submissions in responses to the submission in [1] by 17 July 2020;
3. Appellant and the Respondent file and serve any written submission in reply to the submission in [2] by 24 July 2020;

PACIFIC BAUXITE LIMITED

DIRECTORS' REPORT

4. Appeal be listed for hearing in the next sitting of the Court.

The JVC has withdrawn the cross-appeal at the direction of its solicitor and sought an extension to file a submission which was approved by the Court. On 2 November 2020, the JVC filed a submission to the Court of Appeal.

Both parties have agreed for the proceedings to be decided on the papers. The Company announced the outcome of the proceedings on 2 February 2021.

On 2 February 2021, the Company announced the judgement from the Court of Appeal in the Solomon Islands 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)." The Administrators are currently seeking options as to the possibility of reinstating the Prospecting License.

Withdrawal from the Deed of Company Arrangement

On 16 June 2021, the Deed Administrators advised the market that First Guardian Synergy Capital Limited had withdrawn from the DOCA. The Deed Administrators note that a replacement proponent, Oceanic Capital Pty Ltd has presented a revised recapitalisation proposal on 5 August 2021 which was accepted by creditors on 23 August 2021.

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.

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.

The Company is in the process of bringing continuous disclosure obligations to date and will engage with the ASX regarding its forthcoming shareholders' meeting.

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

Auditor's Independence Declaration

The auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2020 has been received and is set out on page 5.

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



Peter Lewis
Non-Executive Chairman
14 September 2021
Perth, Western Australia



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

As lead auditor of the review of Pacific Bauxite Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

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

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

Rothsay Auditing

Daniel Dalla
Partner

14 September 2021



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PACIFIC BAUXITE LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For the half-year ended 31 December 2020

	Notes	Consolidated 31-Dec-2020 \$	31-Dec-2019 \$
Revenue from continuing operations	3	-	2,954
Other Revenue	3	-	151,996
Administration		(126,583)	(280,298)
Exploration costs		(450)	(15,652)
Depreciation		-	(12,932)
Employment costs		-	(92,307)
Impairment of loan to associate		-	(180,277)
Impairment of investment in associate	5	-	90,138
Share of net loss of associate	5	-	(90,138)
Impairment of fixed assets		-	(93,281)
(Loss) before income tax		(127,033)	(519,797)
Income tax expense		-	-
(Loss) from the half year		(127,033)	(519,797)
Other comprehensive income		-	-
Total comprehensive (loss) for the half year		(127,033)	(519,797)
Basic (loss) per share (cents per share)		(0.03)	(0.13)
Diluted (loss) per share (cents per share)		(0.03)	(0.13)

The above interim 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 31 December 2020

	Notes	Consolidated 31-Dec-2020 \$	30-Jun-2020 \$
CURRENT ASSETS			
Cash and Cash Equivalents		47,576	40,242
Restricted Cash		61,500	61,500
Trade and Other Receivables		32,612	37,040
TOTAL CURRENT ASSETS		141,688	138,782
NON-CURRENT ASSETS			
Property, Plant and Equipment		-	-
Investment accounted for using the equity method	5	-	-
TOTAL NON-CURRENT ASSETS		-	-
TOTAL ASSETS		141,688	138,782
CURRENT LIABILITIES			
Trade and Other Payables		1,026,185	936,246
Provisions		1,742	1,742
TOTAL CURRENT LIABILITIES		1,027,927	937,988
NON-CURRENT LIABILITIES			
Trade and Other Payables		-	-
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		1,027,927	937,988
NET ASSETS / (LIABILITIES)		(886,239)	(799,206)
EQUITY			
Contributed Equity	4	20,321,348	20,281,348
Reserves		1,624,540	1,624,540
Accumulated Losses		(22,832,127)	(22,705,094)
TOTAL EQUITY		(886,239)	(799,206)

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

PACIFIC BAUXITE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2020

2020	Contributed Equity \$	Accumulated Losses \$	Option Reserve \$	Total \$
Consolidated Balance as at 1 July 2020	20,281,348	(22,705,094)	1,624,540	(799,206)
Total comprehensive loss for the half year				
Loss for the half year	-	(127,033)	-	(127,033)
Total comprehensive loss for the year	-	(127,033)	-	(127,033)
Transactions with equity holders in their capacity as equity holders				
DOCA contribution	40,000	-	-	40,000
Balance as at 31 December 2020	20,321,348	(22,832,127)	1,624,540	(886,239)
2019				
Consolidated Balance as at 1 July 2019	20,181,348	(21,613,157)	1,624,540	192,731
Total comprehensive loss for the half year				
Loss for the half year	-	(519,797)	-	(519,797)
Total comprehensive loss for the year	-	(519,797)	-	(519,797)
Transactions with equity holders in their capacity as equity holders				
Issue of shares – Placement	-	-	-	-
Balance as at 31 December 2019	20,181,348	(22,132,954)	1,624,540	(327,066)

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

PACIFIC BAUXITE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 31 December 2020

	Consolidated	
	31-Dec-2020	31-Dec-2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	3,513
Interest received	-	161
Payments for exploration and evaluation	(450)	(74,560)
Payment to suppliers and employees	(32,216)	(221,696)
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	(32,666)	(292,582)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	-	(175)
Proceeds from sale of available for sale financial asset (nett)	-	90,000
Proceeds from DOCA	40,000	-
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES	40,000	89,825
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for finance lease	-	(8,790)
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES	-	(8,790)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	7,334	(211,547)
Cash and cash equivalents at the beginning of half year	40,242	233,893
Effects of exchange rate fluctuations	-	(5,365)
CASH AND CASH EQUIVALENTS AT END OF HALF YEAR	47,576	16,981

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

PACIFIC BAUXITE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

1. Basis of Preparation

These condensed interim financial reports for the half-year reporting period ended 31 December 2020 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 *Interim Financial Reporting*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the entity during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Going concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Company has incurred net losses after tax of \$127,033 (30 June 2020: \$1,091,937) and net cash outflows from operating activities of \$32,666 (30 June 2020: \$381,322). The cash balance as at 31 December 2020 was \$47,576 (30 June 2020: \$40,242).

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

Notwithstanding this, and subsequent to the HY period, 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 capital raisings post effectuation.

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

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

New accounting standards and interpretations

Standards and Interpretations applicable to 31 December 2019

In the half-year ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2020. As a result of this review, the Directors have applied all new and amended Standards and Interpretations that were effective as at 1 July 2020 with no material impact on the amounts or disclosures included in the financial report.

2. Segment Reporting

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

PACIFIC BAUXITE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

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

	Consolidated 31-Dec-20 \$	30-Jun-20 \$
Solomon Islands	-	-
Australia	141,688	138,782
	141,688	138,782

3. Revenue

	Consolidated 31-Dec-2020 \$	31-Dec-2019 \$
From Continuing Activities		
Sales Revenue – Recharging of administration expenses	-	2,954
	-	2,954
Other Revenue		
Interest received	-	161
Sale of royalty	-	100,000
Recovery of legal fees	-	50,000
Miscellaneous income	-	1,835
	-	151,996

4. Contributed Equity

	31-Dec-2020 Shares	30-Jun-2020 Shares	31-Dec-2020 \$	30-Jun-2020 \$
Consolidated Share Capital				
Ordinary Shares				
Fully Paid	396,614,034	396,614,034	20,321,348	20,281,348
	396,614,034	396,614,034	20,321,348	20,281,348

5. Investment in Associates

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

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

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

	Consolidated 31-Dec-2020 \$	30-Jun-20 \$
Balance at the beginning of the period	-	-
Share of losses of associates	-	90,138
Impairment of associate	-	(90,138)
Balance at the end of the period	-	-

PACIFIC BAUXITE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

6. Events occurring after the reporting date

Nendo legal developments

The Court of Appeal ordered that the Attorney General's Notice of Appeal be granted and provided directions for the filing of submissions. These directions were amended on 8 June 2020 and provided:

1. The Attorney General (the Appellant) file and serve written submissions and the Respondent (the JVC) file and serve its written submissions in support of the Cross-Appeal by 15 June 2020;
2. The Respondent and the Appellant file and serve any written submissions in responses to the submission in [1] by 17 July 2020;
3. Appellant and the Respondent file and serve any written submission in reply to the submission in [2] by 24 July 2020;
4. Appeal be listed for hearing in the next sitting of the Court.

The JVC has withdrawn the cross-appeal at the direction of its solicitor and sought an extension to file a submission which was approved by the Court. On 2 November 2020, the JVC filed a submission to the Court of Appeal.

Both parties have agreed for the proceedings to be decided on the papers. The Company announced the outcome of the proceedings on 2 February 2021.

On 2 February 2021, the Company announced the judgement from the Court of Appeal in the Solomon Islands 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)." The Administrators are currently seeking options as to the possibility of reinstating the Prospecting License.

On 16 June 2021, the Deed Administrators advised the market that First Guardian Synergy Capital Limited had withdrawn from the DOCA. The Deed Administrators note that a replacement proponent, Oceanic Capital Pty Ltd has presented a revised recapitalisation proposal on 5 August 2021 which was approved by creditors on 23 August 2021. The Deed Administrators note that the DOCA variation was signed on 3 September 2021.

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.

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.

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

PACIFIC BAUXITE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

7. Financial Instruments

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group as at 31 December 2020:

	At amortised cost	Fair value Through profit and loss	Fair value Through other comprehensive income
	\$	\$	\$
Consolidated Financial assets			
Trade and other receivables	32,612	-	-
Total current	32,612	-	-
Total assets	32,612	-	-
Financial liabilities			
Trade and other payables	1,026,185	-	-
Total current	1,026,185	-	-
Total liabilities	1,026,185	-	-

Set out below is a comparison of the carrying amount and fair values of financial instruments as at 31 December 2020:

	Carrying amount	Fair value
	\$	\$
Consolidated Financial assets		
Trade and other receivables	32,612	32,612
Total current	32,612	32,612
Total assets	32,612	32,612
Financial liabilities		
Trade and other payables	1,026,185	1,026,185
Total current	1,026,185	1,026,185
Total liabilities	1,026,185	1,026,185

PACIFIC BAUXITE LIMITED

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Entity will be able to pay its debts as and when they become due and payable.

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



Peter Lewis
Non-Executive Chairman
14 September 2021



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

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Pacific Bauxite Limited ("the Company"), and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter - Material Uncertainty Related to Going Concern

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

Basis for Conclusion

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





Independence

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

Directors' Responsibility for the Financial Report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Rothsay Auditing

Dated 14 September 2021

**Daniel Dalla
Partner**