
NENDO PROJECT UPDATE

Pacific Bauxite Limited (ASX: PBX) (**Pacific Bauxite** or **Company**) is pleased to provide the following update on the Nendo Bauxite Project in the Solomon Islands.

On 23 November 2018, the High Court of Solomon Islands heard an application for the determination of issues pursuant to r.12.11 of the Court Rules. The Company's 50% owned joint venture company, Eight South Investments Pty Ltd (**JVC**), is the Claimant in those proceedings; the Court reserved its decision and was required to hand its decision down within 3 months (ASX Announcement 27 November 2018).

The Court sought additional material from the parties regarding the application, being a copy of the Mineral Board's minute(s) for the resolution to advise the Minister to cancel PL 01/16.

Following the disclosure of the additional material it was established, *inter alia*, that:

1. The Minerals Board resolved to issue a Show Cause Notice to the JVC to:
 - (a) exert pressure on the JVC; and
 - (b) assess the situation in light of the JVC's response.
2. The Mineral Board did not separately advise the Minister to issue a Show Cause Notice to JVC; rather, the Minerals Board relied on its earlier resolution to have the Minister issue the Show Cause Notice.
3. The Minerals Board did not assess the JVC's response to the Show Cause Notice prior to the Minister issuing the Cancellation Notice.
4. The Minerals Board did not resolve or advise the Minister to cancel PL 01/16 prior to the Minister issuing the Cancellation Notice.

The Court heard further submissions from the parties regarding the effect of the above and has reserved its decision. The Court is expected to hand down its decision down by 14 June 2019.

The interim injunction granted to the JVC restraining the Director of the Minerals Board and Minister from accepting any applications from, or granting any conflicting tenements to, any person other than JVC in relation to any minerals in the area described in PL 01/16, pending the determination of the High Court proceedings by JVC or earlier order, continues.

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If the JVC is successful in the application, it has sought:

1. a declaration that the cancellation of PL 01/16 by the Minister was *ultra vires*;
2. alternatively, an order quashing the Minister's decision to cancel PL 01/16;
3. a declaration that PL 01/16 is valid; and
4. an order that the Defendants pay the Claimant's costs, including reserved costs, with certification for overseas Counsel.

If those orders are made, the proceedings will be concluded, with the effective return of PL 01/16 to the JVC. If the JVC is unsuccessful it may consider appealing the ruling.

Company and JVC representatives will continue to pursue out-of-court negotiations and will aggressively pursue all available options to resolve the matter for the benefit of the Company and other stakeholders and will update the market with any material progress.

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