

ASX Announcement

ASX: QBL

3rd October 2014

Update on Activities at South Johnstone Bauxite Project

The directors of Queensland Bauxite Limited (ASX: QBL) (“the Company”) are delighted to provide an update on activities at the South Johnstone Bauxite project (“the Project”, or “South Johnstone”) in Queensland.

A further drilling programme has been undertaken at South Johnstone with the aim of upgrading the current Inferred Mineral Resource Estimate.

Queensland Bauxite’s Chief Geologist Dr Robert Coenraads commented from the field: “The look of the bauxite from the field gives me a lot of confidence in the potential of the resource. It is exciting to clearly see nodules of gibbsite imbedded in outcrops across the red soil of the properties.”

Innovex

Further sampling of bauxite samples was undertaken at the Project to augment exploration drilling activities underway. The samples from the various holes that have been drilled were analysed using the Innovex portable XRF instrument analyser and showed that the majority of the area drilled was consistently bauxitic.

The XRF is a screening device able to detect the total alumina and silica content. This device is used only as a guide to assist in targeting areas for resource drilling, as it does not determine the percentage available alumina and reactive silica which can only be determined in a lab environment.

The Innovex enables the Company to compare assay results from the lab with the on field results that can be achieved using XRF analyses, as a validation exercise for the current drilling and to determine which samples should be sent to the lab for full analysis.

With much of the bauxite in the area being near surface and often exposed, QBL is of the view that utilisation of XRF analyses is an additional exploration tool to enhance the efficiency and speed of the infield exploration to identify prime areas for upgrade drilling and development, in addition to enable cost savings on unnecessary lab analyses.

Assaying of the gibbsite samples using the Innovex identified levels of total alumina as high as 55% and total silica at less than 5%.

Drilling samples have been sent to the lab to determine the average grades of available alumina and reactive silica, which should then provide the ability to upgrade the resource further. Results will be announced when received and modeled.

Independent Scoping Study

The Independent Scoping Study is proceeding to plan to assess the potential economic viability of the development of a bauxite mining operation at South Johnstone and should be completed over the coming weeks.

The Company intends to use the results of the Scoping Study to further progress the aggressive development of the Project.

Bauxite market fundamentals are positive

The Directors are encouraged by recent reports from China that there are likely to be a number of Chinese alumina refiners that may struggle to find new supplies of bauxite in 2015, particularly gibbsitic bauxite which makes up a significant proportion of the current import demand, providing a significant "fast track" opportunity for Queensland Bauxite to develop its South Johnstone Bauxite Project. China is not self-sufficient in bauxite with prices trading near all time highs.

The Company aims to become a low cost bauxite producer in Australia with extensive surface bauxite and close distance to deep-water port at Mourilyan.

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About Queensland Bauxite

Queensland Bauxite Ltd is an Australian listed company focused on the exploration and development of its bauxite tenements in Queensland and New South Wales. The Company's lead project is the South Johnstone Bauxite Deposit in northern Queensland which has rail running through the project area and is approximately 15-20 kilometres from the nearest deep water port. The Company intends to become a bauxite producer with a focus on commencing production at South Johnstone as early as possible.

End

Consents

Any information that relates to Exploration Results and Mineral Resources is based on, and accurately reflects, information compiled by Dr. Robert Coenraads (BA Hons, MSc, PhD). Dr Coenraads is a fellow of the Australasian Institute of Mining and Metallurgy.

Dr Coenraads has sufficient experience of relevance to the style of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Addition of the Joint Ore Reserves Committee (JORC) Mineral Resources and Ore Reserves.

Dr Coenraads has given prior written consent where required, to the inclusion in this report of the matters based on their information, where applicable, in the form and context in which it appears.