

31st July 2015

בס"ד

JUNE 2015 QUARTERLY REPORT

HIGHLIGHTS

- **Regional exploration confirms South Johnstone geological model**
- **Extensive new bauxite mineralisation encountered through regional exploration**
- **Maiden JORC Compliant Measured Resource estimate - underway**
- **Drilling program aimed at upgrading quantity of current Indicated Resource is now complete - results expected shortly**
- **Mine plan, environmental studies and works for the mineral development licence application (MDLA) on schedule**
- **The granting of a MDL will enable shipping of bauxite from the South Johnstone Bauxite Project - currently scheduled for Q4 2015.**
- **Well funded to continue drilling and development : \$6.1M cash**

During the recent quarter Queensland Bauxite (ASX:QBL) undertook wide spaced regional drilling throughout the previously reported Exploration Target area and confirmed the geological model of the existence of extensive bauxite mineralization throughout the South Johnstone region. An aggressive, focused detailed drilling programme was also undertaken with the aim of increasing the tonnage and JORC classification of the previously reported JORC Indicated Mineral Resource within the South Johnstone tenement area.

Extensive new bauxite mineralisation was encountered at South Johnstone from drilling in never before drilled areas of the project which formed part of the Company's previously reported Exploration Target.

A primary objective of the recently completed drilling program is to upgrade a portion of the current Indicated Mineral Resource under the 2012 JORC Code, to a Measured Mineral Resource, in order to finalise the initial mine plan for the Mineral Development Licence Application (MDLA).

The strategy of the Company has been focused and simple: to utilize one part of the previously identified Indicated Resource area, approx. 10% of that Resource area and undertake close spaced drilling within that area to a depth of approximately 5 metres to identify a JORC Compliant Measured Resource to enable an immediate MDL application.

Within that specific area of the Indicated Resource, infill drilling at 50-metre spacing has been conducted to enable an upgrading of that area to a JORC Code Compliant Measured Resource category. A total of 39 holes were drilled within that area and 502 samples were tested. The Company's modeling of that area is now being reviewed by Independent Expert Consultants and will be released to the market as soon as the review is signed off by the Independent Consultants.

Granting of the MDLA would facilitate immediate commencement of the first shipments of bauxite and enable the Company to prove the long-term economic and operational feasibility of the entire project. The initial shipments are scheduled to commence in the fourth quarter of this year.

The results from this program will also be used to formulate the detailed Initial Mine Plan for submission to the Queensland Department of Natural Resources and Mines (DNRM) for the initial MDLA.

This application is to be submitted as soon as practical after the Mine Plan is prepared. Environmental and mining engineering studies are also being undertaken concurrently and are expected to conclude at the same time as the Mine Plan for the Measured Resource is completed, for submission to the DNRM for the MDLA.

In addition to the drilling within the intended initial MDLA area, the second focus of the recent drilling was to better define the depth of the reported JORC Indicated

Mineral Resource. As a result, further drilling down to 5 metres (previously drilling depth averaged only 1.0 – 1.5 metres) has been undertaken within the entire previously reported Indicated Resource area for the purposes of increasing the existing reported tonnages of the Indicated Resource.

A further 233 holes were drilled on the remaining 90% of the previously reported Indicated Resource area and its immediate surrounding mineralized area. A total of 1,319 samples are currently in the laboratory, with results expected over the coming weeks.

As many of those previous holes at 1.5 metres were still in bauxite mineralisation, with some deeper holes within the Indicated Resource still finding bauxite at over 4.5 metres depth, it is expected that the resultant resource tonnage calculations within the previously calculated Indicated Resource should increase following the modelling of the results of this programme.

The purpose of the further ongoing drilling is to continuously prove up more bauxite resources in a measured approach to generate cash flows and underpin a long mine life.

As soon as the results are modeled and finalised to JORC 2012 Compliant standard, the Company will release the updated models.

Location

The South Johnstone Project is particularly well situated geographically as it is located only 15-24 kilometres to the Port of Mourilyan where there is a currently available export allocation to QBL and capacity for direct shipping to export markets

Off take

The Company is continuing its discussions with a number of groups including end users for off take of bauxite from South Johnstone.

Progress is being made with offtake partners and the current strategy of enabling the project to be ready for production in a staged manner will assist these efforts, by giving the end users clarity of timing for buying of the product.

Corporate

QBL's cash position as at 30th June 2015 was \$6.1 million. This is against a current market capitalisation for QBL of approximately \$9.6 million.

For further information please visit the company's website at www.queenslandbauxite.com.au or contact:

Sholom Feldman
Executive Director
E: sfeldman@queenslandbauxite.com.au
Web: www.queenslandbauxite.com.au



www.twitter.com/QLDBauxite

Competent Person Statement

The information in this announcement that relates to exploration results, Exploration Targets or Mineral Resources is based on, and fairly represents, information compiled by Dr Robert Coenraads. Dr Robert Coenraads is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Coenraads contracts services to Queensland Bauxite Limited. Dr Coenraads has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Dr Coenraads has given his consent to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

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 15-24 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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Queensland Bauxite Limited

ABN

18 124 873 507

Quarter ended ("current quarter")

30 June 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	-267 -161	-968 -526
1.3 Dividends received	46	162
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		-55
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	-382	-1387
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans from other entities		
1.11 Loans repaid by other entities		9
1.12 Other (provide details if material)		
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)		
1.13 Total operating and investing cash flows (brought forward)	-382	-1378

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		3389
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
Net financing cash flows			3389
Net increase (decrease) in cash held		-382	2011
1.20	Cash at beginning of quarter/year to date	6503	4110
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	6121	6121

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	-140
1.24	Aggregate amount of loans from the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	150
4.3 Production	
4.4 Administration	150
Total	700

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	6121	6503
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	6121	6503

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining tenements acquired or increased

--	--	--	--

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	714,031,347			
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.7	Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	Options 65,000,000	Nil		\$0.05	31/12/2015
	350,000 options	Nil		\$0.30	31/12/2015
	1,000,000 Performance	Nil		\$0.25	31/12/2015
	Options 1,000,000 Performance	Nil		\$0.35	31/12/2015
	Options 1,000,000 Performance	Nil		\$0.45	31/12/2015
	Options 12,500,000	Nil		\$0.03	02/07/2016
	63,648,874	Nil		\$0.10	30/07/2016
	90,000,000	Nil		\$0.03	11/11/2016
	10,000,000	Nil		\$0.08	16/09/2017
	10,000,000	Nil		\$0.10	16/09/2017
	5,000,000	Nil		\$0.15	16/09/2017
	5,000,000	Nil		\$0.20	16/09/2017
	10,000,000	Nil		\$0.03	28/02/2018
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 31st July 2015
(Company secretary)

Print name: Sholom D Feldman

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.