

12th July 2016

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FORMAL NOTIFICATION RE MDL

Queensland Bauxite Limited (ASX: QBL, or the "Company") is pleased to announce that the Queensland Department of Natural Resources and Mines (DNRM) has notified the Company that they have concluded their technical review of the Minerals Development Licence (MDL) application for QBL's flagship South Johnstone Bauxite project in Northern Queensland. The DNRM have notified the Company that its technical assessment has formed a view that it would be appropriate for a MDL to be granted to the Company to enable the Company to conduct trial operations and export, with the express purpose of definitively finalising the feasibility assessment of the larger South Johnstone project.

Granting of the MDL will enable the Company to begin initial trial production of bauxite to the customer refinery, which should consequently prove the long-term economic and operational feasibility of the entire project. The technical view of the Department is that full feasibility should be able to be confirmed with trial production of up to approximately 50,000 tonnes of bauxite. Putting this into perspective, Australian Bauxite Limited (ASX:ABX) has recently completed its maiden shipment of 5,000 tonnes of bauxite out of its bauxite project in Tasmania. It is open to the Company to make submissions to the Department for further shipments under the MDL should the Company believe it to be required for the formal feasibility.

Once the project feasibility has been confirmed under the MDL, any further production will require a full Mining Lease to be granted. The work under the MDL will also give the local farmers and community an ability to see first hand the results of the production and rehabilitation of the area to be mined. The successful trial production should ensure the local support for the granting of the intended full Mining Leases for long term production. Mining Lease applications will be progressed in parallel with the work to be undertaken under the MDL to ensure as smooth a transition as possible, and to ensure the Company is in a position to profitably mine as soon as possible after operations are proven successful under the now expected MDL.

QBL is encouraged by the positive feedback it has received from government stakeholders, particularly in regards to the future economic benefits that the project should deliver to the region and to the State of Queensland.

The granting of the MDL is also subject to an appropriate security being provided by the Company to the DNRM as required under sections 190 and 277 of the Mineral Resources Act 1989. The amount of the security to be provided has not yet been determined. Prior to the formal grant, and in any event within the next 20 business days, the Company has to provide a further specific work programme to the Department on the exact area within the larger identified resource area the Company intends to begin its initial trial production.

The conducting of work under the MDL is subject to the Company finalising the approval from the Department of Environment and Heritage Protection (DEHP) to operate under an Environmental Authority License (EA). The EA application has been made at the same time as the MDL application, however the finalising of the EA with the DEHP could only take place once the parameters of the grant of the MDL by the DNRM were detailed to the Company so the Company could finalise the work programme accordingly. The Company will now work with the DEHP over the coming weeks to finalise the EA.

The bauxite mineralisation at South Johnstone being close to surface and right off the main highway adjacent to port, close to the Asian markets, means that the Company's capital and operational costs are estimated to be of the lowest cost producers in the world. As previously reported in the Company's released scoping study, capital expenditure is expected to be only approximately \$5 million, and operating expenditure is expected to be only AUD\$20.87 per tonne FOB Mourilyan Harbour. For the full summary of the scoping study please see the announcement released by the Company on 29 December 2014 which can be accessed using the following link:

<http://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&idsId=01588588>

The operational results from the working of the MDL will be a key part of the overall strategy to develop an export operation in a staged development of South Johnstone that allows for long term mining and export on a prospect by prospect basis at low cost within the entire project area.

This anticipated MDL grant will help the Company to determine its ability to enter into the large international bauxite market in the short term, apply for larger ML's throughout the project area, and to generate positive net cash flows in the near term.



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Queensland Bauxite Limited

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www.twitter.com/QLDBauxite

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.