

02 March 2011

QBL INCREASES BAUXITE PROSPECTIVE PORTFOLIO BY 31%

Highlights

- QBL increases current portfolio by 31% through new exploration tenement applications in South Queensland
- QBL's total bauxite prospective landholding is now in excess of 7,180km²
- New tenement applications selected based on recent field mapping which noted surface expressions of potential bauxite mineralisation over large areas
- Recent analysis confirms further gibbsite mineralisation in numerous bauxite profiles

Queensland Bauxite Limited ("QBL" or "the Company") is pleased to announce the Queensland Department of Mines and Energy has accepted the Company's applications for an additional eight exploration licenses (EPM19067, 19068, 19069, 19071, 19072, 19073, 19078, 19079) within the East Australian Bauxite Province (see Figure 2 below). These new tenement applications are situated in and around the town of Kingaroy and east of the town of Childers in South East Queensland, and will augment QBL's South Queensland Project.

New Tenements

The eight new tenements were selected based on recent field mapping which noted surface expressions of potential bauxite mineralisation over large areas. QBL intends to conduct studies to determine the extent of gibbsite mineralisation over these tenements (refer to **About Gibbsite Mineralisation** below).

The Queensland Department of Mines and Energy has accepted QBL's tenement applications and the formal granting of these applications is expected within less than three months. Upon granting of these eight tenements QBL will hold 32 exploration licenses in Queensland for a combined bauxite prospective landholding of over 7,180km², a 31% increase in the previously announced 5,466km² landholding.

Bauxite Profiles

QBL has recently conducted field inspections and geological mapping at the South Queensland Project which has confirmed bauxite profiles up to 6 meters in thickness occur throughout numerous tenements. In addition away from the road cuts, it was observed on one of the tenements, possible "bauxitic" gravels (Figure 1) occur over areas in excess of 40km² which may indicate the existence of buried bauxite profiles. These zones of apparent widespread bauxite mineralisation provide numerous high quality drill targets which if successful could rapidly convert the Company's considerable exploration targets into a significant resource.

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Figure 1 Surface expression of bauxite mineralisation
– classic pisolitic bauxite

Historical Kingaroy Bauxite Sampling

In 1941 The Queensland Government commissioned a study into the commercialisation of bauxite resources in South East Queensland. The investigations indicated that the most potentially economic deposits of bauxite were conveniently located in close proximity to existing rail infrastructure within a 30km radius of the town of Kingaroy. Subsequently government geologists S. Shepherd and T. Connah embarked on a bauxite sampling program in the Kingaroy District and submitted 55 bauxite/laterite samples for geochemical analyses. Of the analyses received 28 or 51% of the samples returned analyses $> 30\% \text{ avlAl}_2\text{O}_3$ and $< 3\% \text{ RxSiO}_2$ to a maximum of $56\% \text{ avlAl}_2\text{O}_3$ from selective sampling of a bauxite laterite. Bauxite profiles were observed to be up to 6 metres in thickness.

About Gibbsite Mineralisation

Gibbsite – aluminium hydroxide $\text{Al}(\text{OH})_3$ is the most sought after of the bauxite ore minerals because it readily dissolves at low temperatures and pressures at the alumina refinery stage (the Bayer process) while boehmite – aluminium oxide hydroxide $\text{AlO}(\text{OH})$ must be processed at high temperatures and high pressures in more expensive pressure vessels. Some unwanted non-alumina minerals are also dissolved so that additional processing stages to remove the non-alumina contaminants are required. The additional processing stages to remove contaminants can also be associated with alumina loss.

Gibbsite mineralisation has been noted within the Kingaroy Bauxite Project and QBL believe gibbsite is likely to be more extensively developed.

About Queensland Bauxite Limited

Queensland Bauxite Limited holds in excess of $7,180 \text{ km}^2$ of bauxite prospective terrain in Queensland, Australia. The Company is focused on defining significant bauxite resources with a view to commencing direct shipping ore (DSO) bauxite mining and export operations in the near-term.

QBL believes the East Australian Bauxite Province (stretching from Far North Queensland to New South Wales) has been considerably under-explored and has the potential to become a world-class bauxite province.

QBL is one of the few companies offering exposure to the bauxite industry, currently characterised by rapidly growing international demand. QBL is targeting long-life DSO operations, and believes it has positioned itself before the predicted rise in bauxite prices.

For further information please visit the company's website at
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The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Mark Derriman (BA Hons, MSc, MBA). Mr Derriman is a member of the Australian Institute of Geoscientists. Mr Derriman is a full time employee of Queensland Bauxite Limited. Mr Derriman has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking and to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources or Ore Reserves". Mr Derriman consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

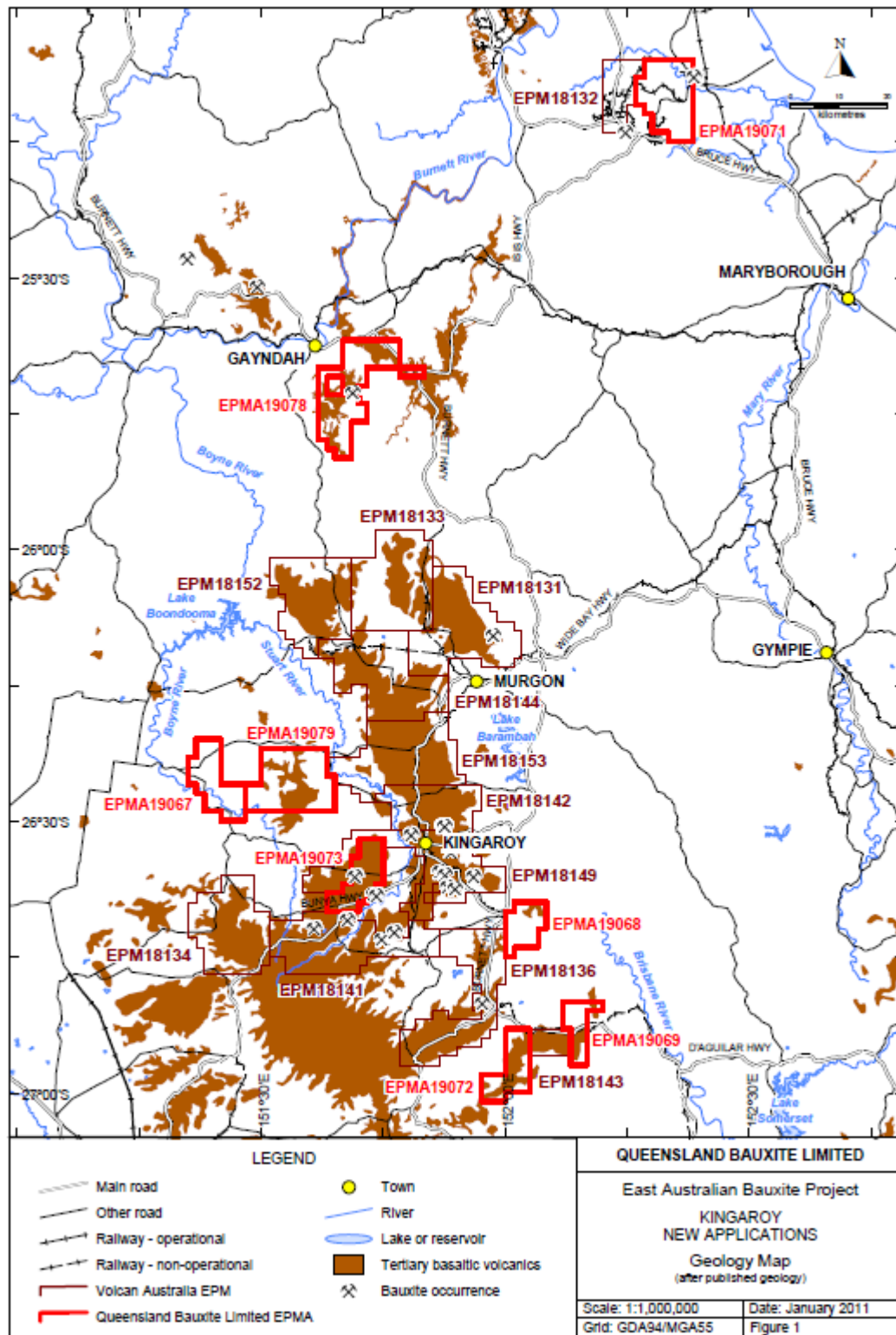


Figure 2: Northern Area of QBL's South Queensland Project