

29th April 2016

MARCH 2016 QUARTERLY REPORT

HIGHLIGHTS

- **Minerals Development Licence (MDL) for the South Johnstone bauxite Project awaiting Departmental approval**
- **Granting of MDL should enable immediate shipping from South Johnstone Bauxite project to effectively prove the long-term economic and operational feasibility of the project**
- **South Johnstone project of the lowest cost bauxite projects in projected production costs, thereby giving confidence in the long term viability of the project**
- **Malaysian bauxite production has been recently put on hold pending environmental investigations in that country**
- **QBL increased its interest in key mineralisation in regionally strategic NSW bauxite project – with significant large scale bauxite mineralisation already identified**
- **In discussions with neighbouring tenement owners for medium term large scale development**
- **South Johnstone project remains main focus for short term production**

During the March quarter 2016, Queensland Bauxite Limited (ASX: QBL, or the “Company”) continued to press to progress the development of its flagship South Johnstone DSO bauxite project in northern Queensland.

A number of corporate and operational milestones were achieved during this period, with the Company aiming to generate positive net cash flows in the short term through the commencement of DSO bauxite production and shipping.

Operational Overview

The Company has formally lodged a Mineral Development License Application (MDL or MDLA) with the Queensland Department of Natural Resources and Mines (Department), together with all the requested accompanying environmental, operational, social and engineering studies documentation. The Department has informed the company that it has successfully completed the initial assessment and the administrative assessment of the application. The Department has in the last week

advised and assured the Company that the further technical and environmental assessments are being run concurrently and are under due process and within the expected timeframes that the Department usually operates with. The Department have not made the Company aware of any issues with the application during the review to date that may delay the granting of the application in due course. The Department further advised that at this stage no definitive timeframe can be set for this process to be completed although the Department is expediting the application and actively progressing it.

Granting of the MDL will enable the Company to begin initial shipments of bauxite to the customer refinery, which will consequently prove the long-term economic and operational feasibility of the project.

The results 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.

The Company looks forward to receiving approval of the MDL in the near term. This achievement 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 as quickly as possible.

The Company has ensured that it has consulted and thoroughly briefed relevant federal and state members of parliament on all aspects of the project, including federal MP the Hon Bob Katter. The South Johnstone Bauxite project is located in Mr Katter's electorate of Kennedy.

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

In addition, QBL's directors and management has briefed the Mayor and the Councillors from the region's local government, the Cassowary Coast Regional Council, on the environmental, social and economic impacts that the project is likely to have, along with critical infrastructure needs. As a part of this process the Company has submitted detailed documentation regarding all of these issues.

QBL is pleased to report that its consultation with members of the Cassowary Coast Regional Council has been both positive and productive, and that its dialogue with key stakeholders representing the local community is ongoing and constructive, with strong expressions of support given to the Company for the granting of the MDL.

The Directors look forward to updating shareholders on our progress with obtaining the MDL, and on all further developments at the South Johnstone Bauxite project. The Directors have every confidence in the project's future.

NSW Bauxite Project Acquisition

During the quarter, the Company concluded the acquisition of a further 31% interest in its already 50% owned bauxite tenement EL7301, which contains a large portion of a

known gibbsitic bauxite province in the Nullamana region of Inverell in northern New South Wales.

This acquisition further consolidates QBL's strategic ownership of emerging gibbsitic bauxite key areas along the Eastern Coast of Australia.

QBL has issued 29 million shares in QBL for a further 31% beneficial interest in EL7301. The Company now owns an 81% interest in EL7301.

The directors believe that an increase of ownership in this valuable tenement is of good strategic value to QBL and in line with the Company's vision of becoming a major emerging force in the bauxite market for the long term. With continuing forecasted strong demand for bauxite the Company is looking to increase its portfolio of strategic bauxite projects at the right price. This acquisition fits the criteria.

Further information on EL7301 and on the geological significance of this project can be found in the original acquisition announcement released by the Company on 11th July 2014 and can be accessed at the following link:

<http://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&idsId=01533081>

Neighbouring Tenement Owners

The Company has been in discussion with the owner of tenements in the same area as EL7301. One of these tenements has already been reported to ASX in May 2012 by Australian Bauxite Limited (ASX:ABX) as containing 38 million tonnes of bauxite¹.

The combined tonnages of the tenements in the region should further add to the potential development options for the bauxite mineralisation. Critical mass is a factor in major bulk commodity developments, and the consolidation of the mineralisation in the region should further assist with any potential feasibility studies to be conducted in due course and increase the likelihood of potential involvement of major strategic partners, who have already shown interest in the area.

Infrastructure Upgrade Plans for the NSW bauxite project

- 1. Proposed New Rail corridor: 300 km of purpose-built railway line**
- 2. Boosts potential of QBL's NSW bauxite deposits**
- 3. Direct link to port Yamba**

Queensland Bauxite Limited has been in discussion with Mr Desmond J. T. Euen, Founder and CEO of Australian Infrastructure Developments (AID) with regard to gaining an economic transport-to-Yamba Port option for QBL's NSW bauxite deposits.

AID is an Australian company, founded to develop and commercialise Australian market driven freight infrastructure projects. AID proposes to build a national freight

¹ The following JORC compliant report was released to ASX: 08/05/2012 ASX announcement - Inverell Resource Grade Improvement – 38 million tonnes resource.

infrastructure network as the platform for growth and other market driven related services.

AID is taking advantage of the current shortfall in existing Australian freight infrastructure and, both current and future market requirements that are currently not being served. This is because the current Australian freight rail and port industries are fragmented, capacity poor and disparate.

The proposed AID rail to port project proposes to introduce

1. Increased reach and operational efficiencies via the use of world-class technology;
2. Strong growth in freight marketing;

The proposed Pacific West railway will provide a direct and expedient unconstrained link connecting the western inland corridor at Moree with the Great Northern Railway at Glen Innes and from there to the Port of Yamba (see map, Figure 1). QBL's NSW bauxite tenement lies close to the section of line near Inverell (see Map, Figure 2). The railway will be Australian heavy duty, double track standard gauge and allow for double stacking of containers. Track alignment will conform to a ratio of 1:100 gradient and be constructed with 1000 metre radial curves to permit high speed (115kph) operations. The system is anticipated to be able to handle one train every 3.5 minutes. Together with rail construction, the Port of Yamba will be upgraded to receive Handymax ships which will be the preferred vessel used to ship the company's product to overseas markets.

The proposed Pacific West Rail Link is anticipated to create a viable bauxite export operation from the Company's bauxite project in NSW, which is an area of extensive high grade gibbsitic bauxite with low reactive silica.

Corporate

The Company is continuing to progress South Johnstone and is currently awaiting approval for a MDL to progress the short term development of the project, while evaluating strategic opportunities where they are considered to provide additional value to the Company and its shareholders.

With two major gibbsitic projects at hand, and particularly following the highly encouraging results and progress at South Johnstone in North Queensland, the directors believe that QBL will become a significant force in the bauxite industry.

The Company is targeting potential long-life bauxite operations that it believes will add value and be attractive to major international bauxite partners. QBL continues to build on its strong position ahead of predicted rises in bauxite prices, and as a result is currently evaluating the further expansion of its portfolio through the acquisition of further tenements.

The Company is currently also in discussions with potential partners to sell and/or JV the Company's Pilbara gold project.

QBL's cash position as at 31st March 2016 was \$5.83 million. This is against a current market capitalisation for QBL of approximately \$6 million.

As at 31st December 2015, the Company held the following tenements:

Project Name			Interest Held %
WA Pilbara Gold Project			
Pilbara WA	E47/1153	Granted	100%
Eastern Australia Bauxite Projects			
South Johnstone QLD	EPM18463	Granted	100%
Nullamana NSW	EL7301	Granted	81%

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

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www.twitter.com/QLDBauxite

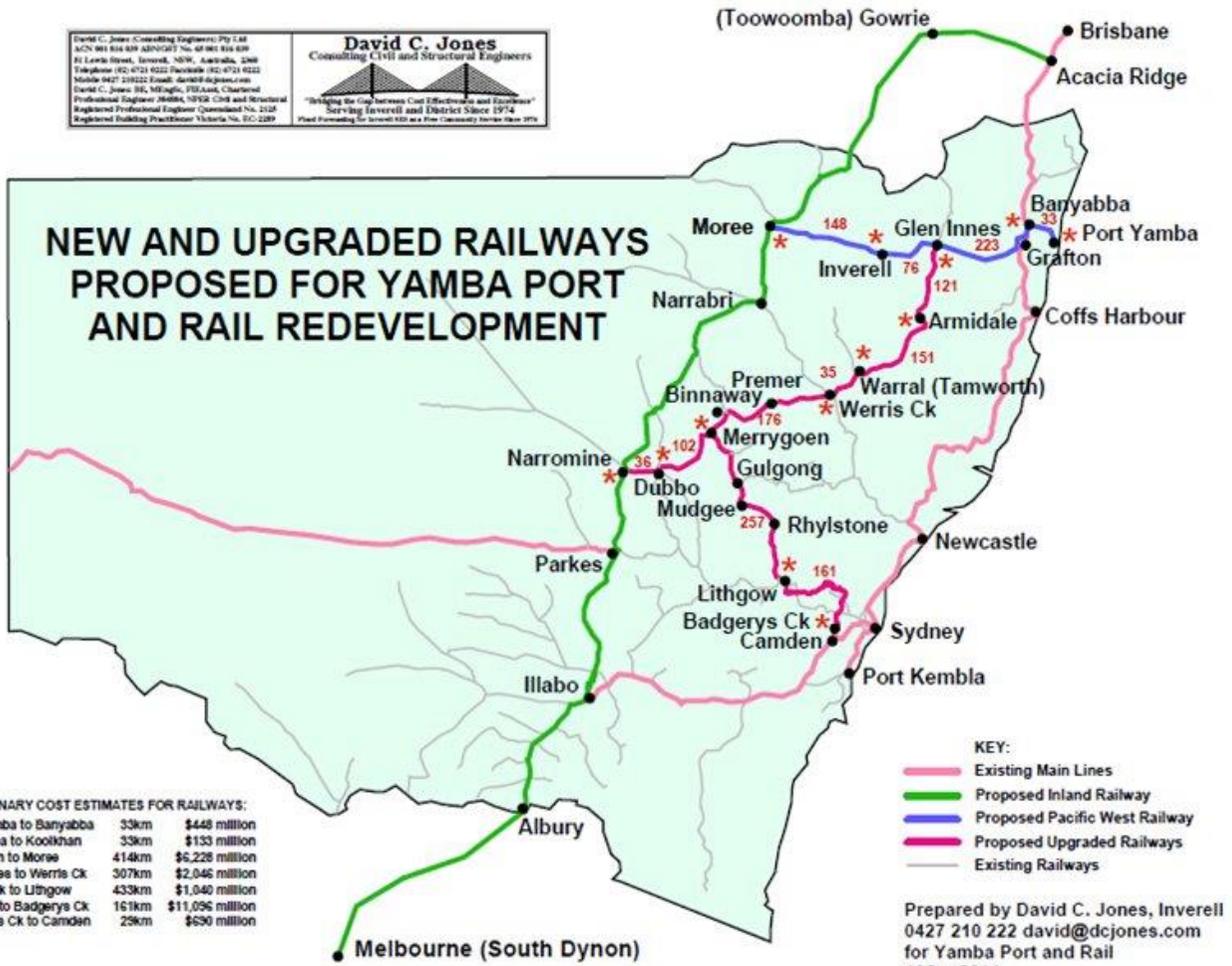
About Queensland Bauxite

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.

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.

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NEW AND UPGRADED RAILWAYS PROPOSED FOR YAMBA PORT AND RAIL REDEVELOPMENT

PRELIMINARY COST ESTIMATES FOR RAILWAYS:

Port Yamba to Banyabba	33km	\$448 million
Banyabba to Koolkhan	33km	\$133 million
Koolkhan to Moree	414km	\$6,228 million
Glen Innes to Werris Ck	307km	\$2,046 million
Werris Ck to Lithgow	433km	\$1,040 million
Lithgow to Badgerys Ck	161km	\$11,096 million
Badgerys Ck to Camden	29km	\$690 million

- KEY:
- Existing Main Lines
 - Proposed Inland Railway
 - Proposed Pacific West Railway
 - Proposed Upgraded Railways
 - Existing Railways

Prepared by David C. Jones, Inverell
 0427 210 222 david@dcjones.com
 for Yamba Port and Rail
 16Sep2014

Queensland Bauxite Limited

Date: 25/02/2016

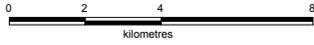
Author: R.Coenraads

Office:

Drawing:

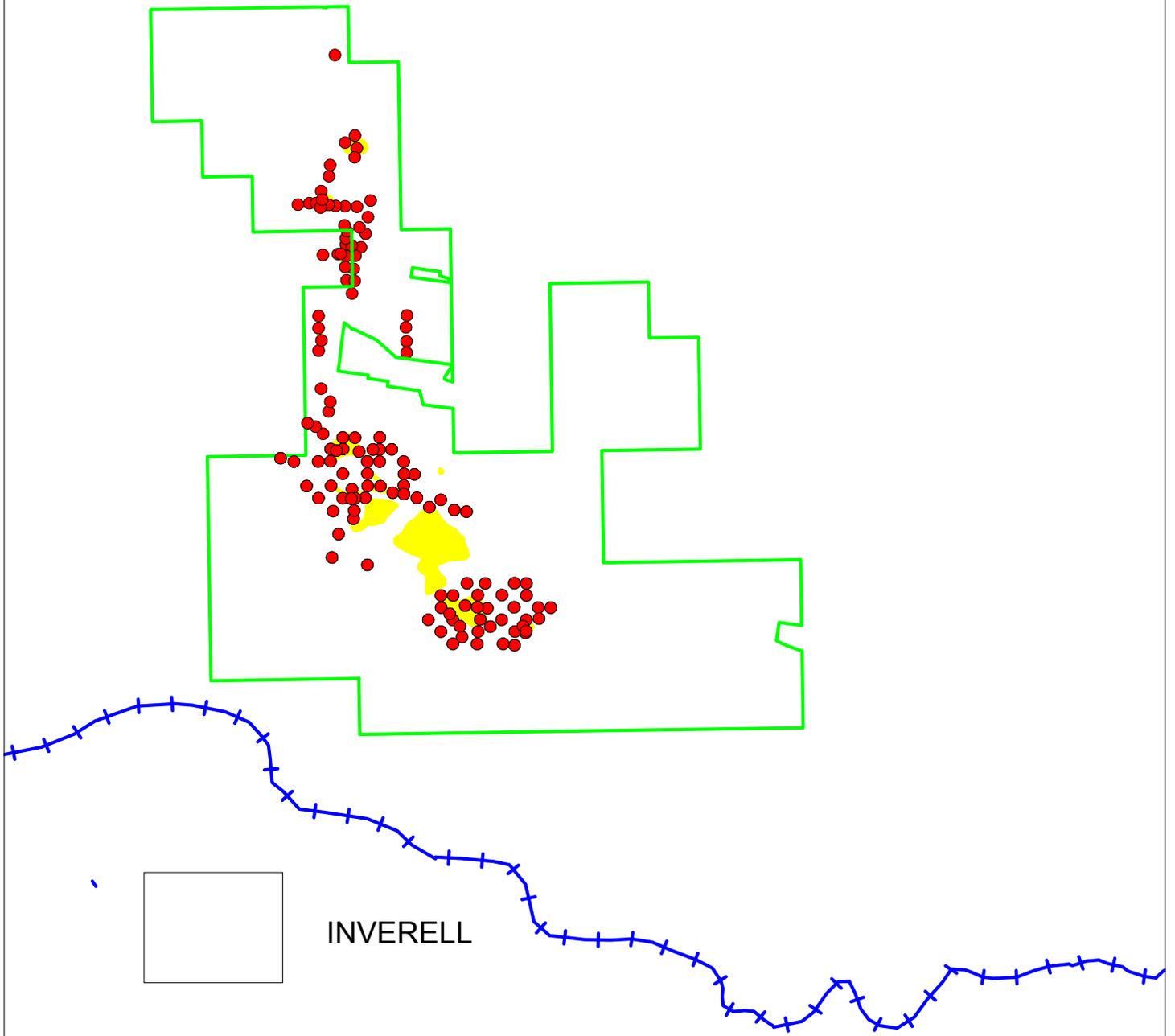
Scale: 1:200000

Projection: MGA Zone 56 (GDA 94)



LEGEND

- Exploration Drill Hole
- +—+—+ Pacific West Rail Line
- EL7301 Tenement Outline
- JORC 2004 Bauxite Resource



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")

31st March 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 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	-147 -80	-787 -343
1.3 Dividends received	55	160
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	-172	-970
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		
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)	-172	-970

+ 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.		684
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			684
Net increase (decrease) in cash held		-172	-286
1.20	Cash at beginning of quarter/year to date	6007	6121
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	5835	5835

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	\$2M USD Development facility from Magna	USD\$500,000 (\$684K AUD at the time of drawdown)
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	800
4.3 Production	
4.4 Administration	100
Total	1100

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	5835	6007
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	5835	6007

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

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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		797,897,514		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs		44,933,467		
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 12,500,000	Nil		\$0.03	02/07/2016
	Options 63,648,825	Nil		\$0.10	31/07/2016
	Options 90,000,000	Nil		\$0.03	11/11/2016
	Options 10,000,000	Nil		\$0.08	16/09/2017
	Options 10,000,000	Nil		\$0.10	16/09/2017
	Options 5,000,000	Nil		\$0.15	16/09/2017
	Options 5,000,000	Nil		\$0.20	16/09/2017
	Options 10,000,000	Nil		\$0.03	28/02/2018
	Options 2,846,046	Nil		\$0.06	30/08/2018
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: 29th April 2016
(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.

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