

8th December 2017

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South Johnstone Bauxite Project Update

The Board of Queensland Bauxite (ASX:QBL) is pleased to provide an update on the South Johnstone Bauxite Project.

Following the recent granting of the Mineral Development Licence (MDL) by the Queensland Department of Natural Resources and Mines, the work programme under the MDL has been progressing to plan, and bulk sampling has been undertaken in accordance with the work plan. The granting of the MDL has allowed the company to begin sending bulk samples of bauxite to potential customer refineries in order to secure off take customers for the bauxite ahead of anticipated production next year, and for the purpose of proving the economic and operational feasibility of the entire South Johnstone project with the aim of generating positive net cash flows in the near term under intended Mining Lease (ML) applications.

Work under the MDL should enable the Company to determine its ability to enter into the large international bauxite market in the short term and therefore apply for larger ML's throughout the project area.

During November 2017, bulk samples were collected from the Camp Creek Bauxite Deposit from a depth interval between 0.6-2.5 metres within the QBL's new mineral development licence MDL2004 (see accompanying map). The bulk samples were taken to enable the Company to export test samples to refineries primarily in China displaying an interest in our product.

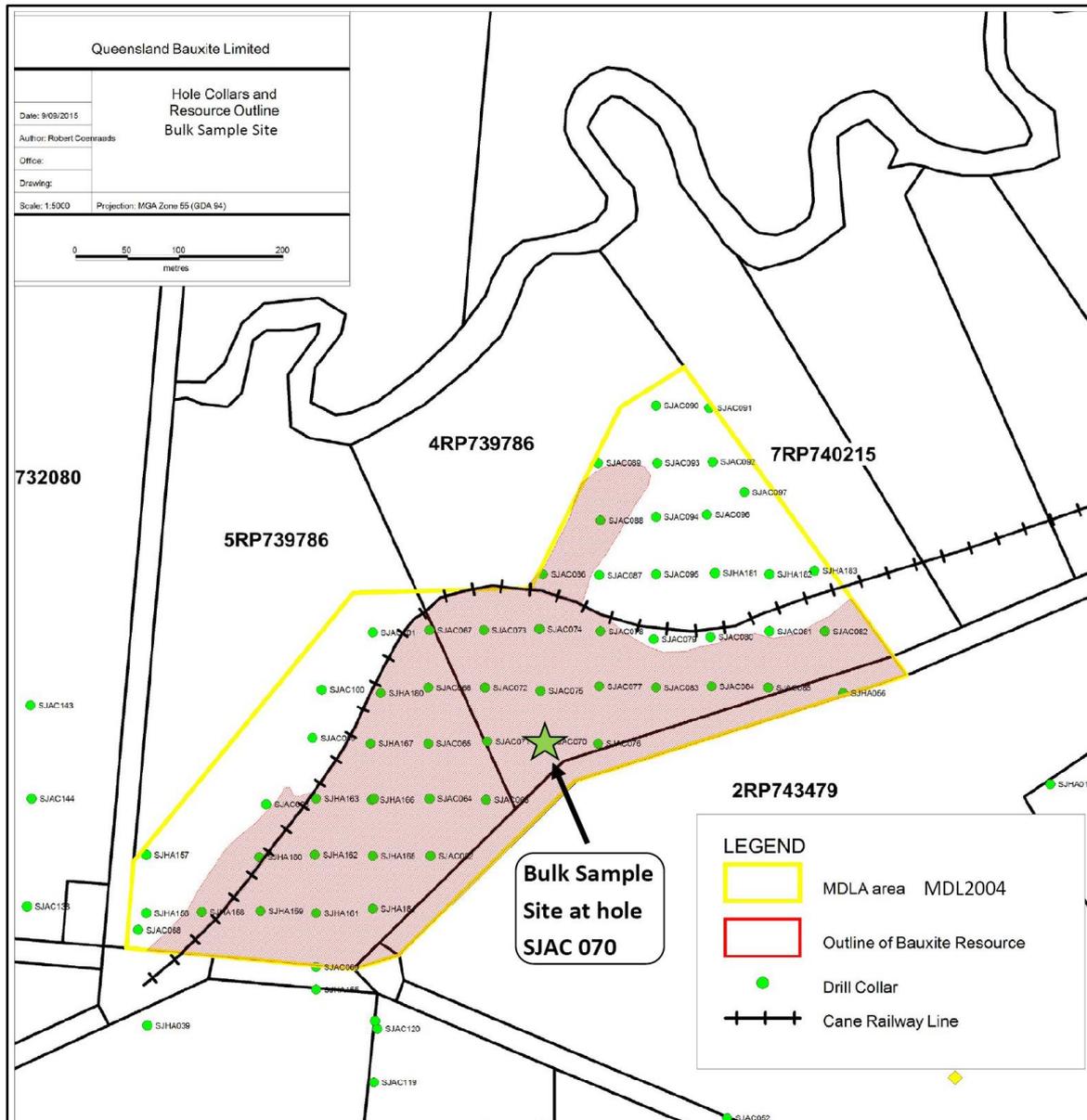
A 500g representative bauxite sample was sent to ALS Global for quality control testing and returned results of 30.2% available alumina and 2.8% reactive silica. This grade is very close to the average grade at Camp Creek and representative of the deposit as a whole.

Environmental monitoring consisting of a full seasonal range of dust, surface water and ground water data is being collected by Northern Resources Consultants (NRC) while MEC Mining continue to develop the mine plan for Camp Creek. These works are anticipated to be completed in March 2018. Together these will form the basis of the Company's mining lease (ML) application which is anticipated to be lodged by the end of April 2018.

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 bauxite projects. 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 including details on the bauxite resource the subject of the MDL please see the announcement previously released by the Company 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.

We look forward to finalising agreements with a suitable off take partner to enable the Company to bring this project to its full potential and into profitable production next year.

Pinna Feldman

Pinna Feldman
Executive Chairperson
Queensland Bauxite Limited

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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 15-24 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. The Company also pursues additional investment opportunities, and has acquired a 55% shareholding in Medical Cannabis Limited, an Australian leader in the hemp and Cannabis industries.

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.