

3<sup>rd</sup> July 2014

### **Update on South Johnstone Bauxite Project**

- **Further laboratory testing on bauxite samples**
- **Upgrading Inferred Resource to Indicated / Measured Category**
- **Scoping study / feasibility study to commence**
- **Off take**
- **Port**

The directors of Queensland Bauxite (ASX: QBL) (“the Company”) are pleased to provide an update on activities at South Johnstone Bauxite project in north Queensland.

Additional laboratory testing on grab samples collected from various parts of the 400km<sup>2</sup> tenements is underway. At present these are ongoing. When information is to hand, this will be released to the market.

#### **Resource Upgrade**

The Company is in the process of seeking to upgrade the portion of the previously announced existing JORC Initial Inferred Mineral Resource of 30 million tonnes to a JORC Indicated / Measured Resource category.

The purpose of the work is to gain further confidence in the resource and to be part of a scoping study / feasibility study into mining options at South Johnstone.

In addition the company is in the process of identifying within the resource area higher grade zones that could form part of a large higher grade resource of the types of grades that should be able to attract significantly higher prices on the international export market.

It should be noted that parts of the existing resource returned available alumina results of approximately 32% and reactive silica results at less than 2%, which is a ratio of over 16:1 available alumina to reactive silica which would be an attractive ore for many refineries. The company will be working towards calculating and proving resources of that higher quality within the wider resource areas to increase even further the company's potential export options. In addition as noted previously the company is confident based on results to date that the bauxite ore is primarily gibbsite which is the most desirable of bauxite ores for processing in refineries.

Work is now underway and results will be released to the market when obtained.

### **Off take**

The Company has received further unsolicited approaches in regard to potential off take. Initial and preliminary discussions with potential off takers have commenced.

### **Port**

Preliminary discussions have been held with regards to Port options for the potential export of the resources in the project area. These were positive toward developing a significant bauxite export business.

As indicated previously, profit margins in bauxite mines in general are strongly affected by transportation costs, and they often need to even build the railroads and regular roads to transport the material many kilometres to a deep water port.

North Queensland is by far the closest port to Asia than nearly all the major bauxite export provinces around the world outside of Indonesia. Indonesia has this year banned the export of bauxite. Indonesia has in recent years been China's largest bauxite supplier. The current Indonesian ban opens up huge opportunities to other bauxite exporters, particularly in Australia, and particularly in North Queensland.

The Company's South Johnstone Bauxite Project in North Queensland is situated near to a deep water port suitable for exports and stands to have a significant competitive advantage in terms of transport and shipping costs.

The Company is also in discussions with a view to obtain additional bauxite tenements on the east coast of Australia which is consistent with its strong belief in the extremely positive macro setting for bauxite at present, and the medium to longer term fundamentals on the value of bauxite deposits in Eastern Australia particularly. The market will be informed as and when any such deals are concluded.

Yours sincerely



Pnina Feldman  
Chairperson  
Queensland Bauxite Limited

**Competent Persons Statement**

*The information in this report that relates to exploration results and estimate of mineral resources are based on, and fairly represent, information and supporting documentation prepared by Dr Robert Coenraads (BA Hons, MSc, PhD). Dr Coenraads is a fellow of the Australasian Institute of Mining and Metallurgy.*

*Dr Coenraads contracts services to QBL.*

*Dr Coenraads has sufficient experience which is relevant to the style of mineralization 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 2012 Edition of the JORC Code.*

*Dr Coenraads consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*