

12<sup>th</sup> June 2014

## Exploration Results Confirm Significant Bauxite Resource At South Johnstone

- Results confirm historical model at South Johnstone
- Initial JORC Inferred Resource defined
- Results Received Relate to only 2.3% of the tenement
- Potential for massive increase in resource
- Near term DSO bauxite export revenue opportunity

### Positive Results:

The Directors of Queensland Bauxite Limited (ASX:QBL) are delighted to announce receipt of the first batch of results from the Company's recent testing of drill samples from its highly prospective South Johnstone Bauxite Project in North Queensland.

Initial lab results have been received from only 26 of the drill holes analysed in a small portion of the tenement. Despite the small number, resource modeling has already confirmed a significant, close to port and infrastructure, direct shipping ore (DSO), bauxite JORC initial inferred resource of over 30 million tonnes.

The current 26 holes results received were from drilling of an area of only 9.2 km<sup>2</sup> of the 400km<sup>2</sup> tenement, just 2.3% of the tenement area, leaving obvious major upside in further resource potential.

This current significant discovery lies outside of any environmentally restricted areas.

As a result of these confirmed results, and with so much of the target basalts in the tenement either yet to be drill tested or results received, the company can now confidently upgrade its Exploration Target to upwards of 300 million tonnes using the same grade ranges reported below on the drilling, out of a larger geological area of approximately 1 billion tonnes of average surface depth of 1.8 metres of target basalts currently calculated within the tenement.

The Company's goal since inception has been to become a major exporter of Australian bauxite. The Directors believe that this now confirmed discovery will enable that

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goal to be achieved in the near term for the benefit of the Company's shareholders.

The over 30 million tonne resource already identified from these initial results received is already sufficient for a major bauxite DSO export operation. The Company would initially look to ship approximately 5 million tonnes per year through Mourilyan Port. Based on current reported bauxite prices, an export operation of 5Mt per year of bauxite would mean revenue of between \$200- 300 million per annum.

The Company will focus on early development of the Project and is currently reviewing development options including potential off takers.

The directors are therefore anticipating a quantum leap in the value of the Company over the coming months and are pleased that after much effort, a major milestone has been reached for the Company as it continues exploration but with lucrative near term mining and development opportunities.

**Easy Access:**

The South Johnstone tenement covers an area of 400 square kilometres and is situated within 16 kilometres west of the deep water port of Mourilyan in North Queensland. There is easy road and rail access to the port from the project area. There is a narrow gauge railway which runs through the tenement to the port of Mourilyan. In addition, there is a network of bitumen and gravel roads within the tenement that lead to the port.

**High Demand:**

As has been widely publicised, the recent Indonesian bauxite export ban that came into effect earlier this year is expected to greatly increase demand for bauxite from Australia, as Indonesia has previously been a significant exporter of bauxite to China.

The global market requires a constant supply of bauxite to meet the exponentially growing demand. Next to Indonesia, Australia is the closest major bauxite producer to Asia, and within Australia itself, North Queensland is the closest port to Asia.

**Low Cost – High Revenue:**

This puts Queensland Bauxite in a uniquely advantageous position, as this new discovery of a large DSO bauxite resource in North Queensland, close to port, could potentially be a near term development opportunity and the ideal low-cost high-revenue project to competitively supplement the newly created demand from China, Japan and elsewhere for alternative sources of bauxite.

Bauxite export prices have been recently reported at around \$60 per tonne with surface deposit bauxite mining reported by other companies to cost around \$10 per tonne in addition to transportation and port costs. As the deposit is situated within 16 kilometres of

the port, transportation costs should be significantly lower than many deposits in Australia that are further inland.

From discussions the Company has had with Mourilyan Port there should be capacity to ship millions of tonnes of bauxite annually through the port. As QBL would be looking to ship raw bauxite, there is not expected to be any capital costs required for locally processing the material, with a simple quarrying operation expected to be sufficient for the export of the surface mineralisation.

The team at Queensland Bauxite Limited is very excited as to what the development of this project may prove to be for the Company's annual revenue and for the local economy.

### **Drill Results:**

In the 26 drill holes recently analysed, a total of 40.5 metres of bauxite was intersected with an average bauxite thickness per hole of 1.8m (range 0.5 to 3m per hole) with average reactive silica of 6.8% (with a range of 1.8-10%) and with an available alumina grade, extracted by low temperature alkali leach processing, of 25.3% available alumina (range 20-31.7%), which, in accordance with bauxite rock samples previously tested by the company, is expected to significantly increase at high temperature processing.

Some rock samples previously tested by the company returned an increase of up to another 9% in total available alumina. Significantly, this further testing could see pre beneficiation available alumina grades in the current samples of up to a high of around 40%. Most refineries in China utilise the high temperature process.

### **JORC Resource:**

An initial JORC inferred resource of over 30 million tonnes over a small area of the tenement is calculated (see table below), with the grades and ranges based on the 26 drill holes analysed (22 of which contained bauxite) and reported above within a significantly larger exploration target in the South Johnstone area.

As only a relatively small amount of the tenement has been drilled, the company expects that with further drilling, this resource should be significantly larger.

This new discovery also verifies some of the historic reported exploration drilling carried out by Carpentaria Exploration Company Pty Ltd (Znebejanek, 1961) within a portion of the tenement area and reported as follows:

"Decomposed basalt is forming deposits of bauxite with a high content of iron. Average depth of 21 ft containing 35% Al<sub>2</sub>O<sub>3</sub> in an area of approximately 2 square miles, which will yield approximately 43 million tons of 35% Al<sub>2</sub>O<sub>3</sub>. This particular area, with further drilling, can be extended approximately 5 times."

South Johnstone preliminary tonnage calculation on 26 drill holes analysed to date					
Locality	Holes	Area (km <sup>2</sup> )	Thickness m	Volume m <sup>3</sup>	Tonnage tonnes
A	SJAC 14	1.161	0.5	580500	1,044,900
B	SJAC 41,42	1.628	2	3256000	5,860,800
C	SJAC 006	0.269	3	807600	1,453,680
D	SJAC 05,23, 26,35,36,37	2.087	1.5	3130500	5,634,900
E	SJAC 47	0.280	2	559200	1,006,560
F	SJAC 045	0.087	2	174480	314,064
G	SJAC 21, 43	0.614	1.5	921150	1,658,070
H	SJAC 2, 3, 48	0.393	2.3	903440	1,626,192
I	SJAC 52	1.838	3	5514000	9,925,200
J	SJAC 4, 19	0.674	1.5	1010400	1,818,720
K	SJAC 54	0.196	1	195800	352,440
TOTAL		9.226		17053070	30,695,526
Notes:					
Assumed density 1.8, this being a typical density for high iron basaltic bauxites (Morgan 2011)					
Avrg bauxite grade all holes; 25.3% avail alumina (range 20-31.7%); 6.8% reactive silica (range 1.8-10%)					

### Further Testing:

Queensland Bauxite has submitted a selection of samples for further analysis to determine the percentage available alumina grade improvements expected at higher temperatures, and to determine potential beneficiation from multi-screening of the bauxite.

### Future Drilling:

The Company will now undertake a more extensive drilling programme to further delineate the size, grade and shape of this exciting bauxite deposit at South Johnstone with a view to commence mining as soon as possible.

### Consents:

*The information in this report that relates to Exploration Results, Exploration Targets, Mineral Resources or Ore Reserves is based on information compiled 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 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources or Ore Reserves".*

*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.*