31st July 2014

JUNE 2014 QUARTERLY REPORT

HIGHLIGHTS

- **Exploration Results Confirm Significant Bauxite Resource At South Johnstone**
- **Initial JORC Inferred Resource defined**
- **Results Received Relate to a small portion of the tenement**
- **Potential for massive increase in resource**
- **Gibbsitic bauxite at South Johnstone confirmed by XRD Laboratory Results**
- **Gibbsite shown to be main mineral phase present in South Johnstone bauxites (36-48%)**
- **Planning for feasibility study is underway**
- **Current review of off-take options**
- **South Johnstone Bauxite Project Less than 20km from Mourilyan Deep Water Port;**
- **Well positioned for export to the Chinese and Asian markets;**
- **QBL Acquires Strategic Stake in NSW Gibbsitic Bauxite Province**

QBL has been focused on defining significant bauxite resources with a view to commencing direct shipping ore (DSO) bauxite mining and export operations. Due to the recent confirmed discovery at South Johnstone as detailed below, the company is investigating the economics of a potentially major bauxite DSO export operation. The Company is engaging independent consultants to prepare a report upon which a production target can be reported, and upon which a feasibility study is to be undertaken, with the goal of ascertaining the potential economics of the project with the goal of bringing the project to production as soon as possible. The Company is currently looking at the potential economics of mining and shipping through Mourilyan 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.

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 an existing narrow gauge railway which runs through the tenement to the port of Mourilyan and there is a network of bitumen and gravel roads within the tenement that lead to the port.

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.

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, and then the cost of shipping from that port to a large importer of bauxite like China.

North Queensland is by far the closest port to China than nearly all the major bauxite export provinces around the world outside of Indonesia. As mentioned above, Indonesia has this year banned the export of bauxite to China. 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.

CRU, the international independent research and analysis group, have sent the Company its latest Insight piece, from CRU's team of aluminium and raw materials

experts, in London and Beijing, which looks at the major opportunities for bauxite producers in light of Indonesia's unprocessed minerals export ban. The main points are as follows:

1. The ban does not appear to be temporary and import-based refineries in China are becoming increasingly worried about future bauxite supplies.
2. Major opportunities exist for bauxite projects, particularly in Australia.
3. CRU predicts strong bauxite price growth and additional value generation in both bauxite and alumina moving forwards.
4. The probability of Indonesia deregulating bauxite exports is small for a number of reasons as outlined in CRU's analysis paper.

The analysis draws upon CRU's range of market analysis and asset by asset cost services including CRU's new Bauxite and Alumina Long Term Market Outlook. This is a unique service which examines bauxite and alumina supply, demand, prices and long run marginal costs to 2040 along with almost 400 bauxite and alumina asset profiles.

The team at Queensland Bauxite are most excited to be at the right place in the right time which should add to shareholders' wealth.

Potential 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, may 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.

Positive Results:

During the quarter, the Company received the first batch of results from its recent testing of drill samples from its highly prospective South Johnstone Bauxite Project in North Queensland.

Lab results have returned bauxite from 26 of the 60 holes drilled. Based on these data, resource modeling has confirmed a significant, close to port and infrastructure, direct shipping ore (DSO), bauxite JORC initial inferred resource as detailed below.

The Company is in the process of seeking to upgrade the portion of the existing JORC Initial Inferred Mineral Resource 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 a very 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, 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.

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 has confidently upgraded its Exploration Target to upwards of 300 million tonnes as detailed below, calculated within less than one third of the target basalt soil that has been mapped within the tenement as detailed below.

The potential quality and grade of the company's Exploration Target is conceptual in nature, there has been insufficient information to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a mineral resource.

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

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

The directors are pleased that after much effort, a major milestone has been reached for the Company as it continues exploration but with potentially lucrative near term mining and development opportunities which are currently being investigated. The Company intends to release the production targets to the market as soon as the independent reports underpinning the production targets are finalised.

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.

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%). The ore has been confirmed by XRF and XRD testing as Gibbsite, thereby being suitable for low temperature processing.

The XRD work confirms gibbsite to be the dominant mineral phase present. This is the preferred form of bauxite as it is easier to process than non-gibbsitic bauxite. The negligible amount of boehmite (0-2%) and diaspore (0-3%) further confirms the suitability and preference of low temperature processing.

This is significant as gibbsite is the preferred form of bauxite as it is easier to process than non-gibbsitic bauxite.

Gibbsite is one of three mineralogical forms of bauxite ores, and is generally recognized as the most economic to treat using the Bayer Process, as it is able to be

refined at a lower temperature and pressure to the other bauxite mineralogical forms, and requires less reagent consumption.

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_2O_3 in an area of approximately 2 square miles, which will yield approximately 43 million tons of 35% Al_2O_3. This particular area, with further drilling, can be extended approximately 5 times."

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.

Inferred Mineral Resource

Queensland Bauxite has inferred through its 60 hole drilling program at South Johnstone, an initial JORC Inferred Resource of 30 million tonnes of bauxite, out of a 300mt exploration target[1]. The average grade of the bauxite at low temperature leaching is 25.2% available alumina and 6.9% reactive silica. These results are comparable to the bauxite in the Darling Ranges. (See Jorc Table 1 below)

The Company considers that there are reasonable prospects of the eventual economic extraction of this resource based on the following assumptions:

1. The bauxite deposit is located close to port. Bauxite would only need to be transported a short distance (<20 km) east to Mourilyan Harbour, so that transport costs will be on the lowest end of those experienced by commercial bauxite mining operations.
2. The bauxite deposit is located at surface and it is assumed that mining at South Johnstone will be via simple open cut quarrying operations – top soil stripping ahead of a progressing mining face with progressive rehabilitation and return to agricultural use behind. Ore will be trucked to nearby rail heads or driven directly the short distance to Mourilyan Harbour as a direct

[1] The potential quality and grade of the exploration target is conceptual in nature, there has been insufficient exploration to estimate a mineral resource and it is uncertain if further exploration will result in the estimation of a mineral resource.

shipping ore (DSO) product. Mining costs would therefore also expect to be reasonably low.

3. No environmental studies have been conducted at present, and it is assumed that no difficulties will be encountered. The resource lies outside the National Park boundaries and has already been largely cleared of native vegetation. The land is currently being used for large and small acreage agricultural activities (principally sugar cane and bananas)
4. It is being assumed that a mining licence would be granted by government for an open cut extraction operation.
5. It is being assumed that no unforeseen environmental difficulties, landholder, or other issues would impact on the mining and processing operation. Some uncertainty still exists here as no studies have commenced on these aspects at the present time.
6. It is assumed that the Company will expand on this resource, possibly up to 10 times, through its continued exploration of the weathered surface of the Atherton Basalt. This is based on the assumption that approximately a third of any further drilling on the Atherton Basalt will be successful (based on the current 60-hole program) calculations for a conceptual exploration target are discussed in our exploration target statement.

Cut-off Assumptions

The cut-off assumptions are based on 40.5 metres of bauxite of average grade 25.2% available alumina and 6.9% reactive silica drilled in 22 holes. A cut-off grade of 20% available alumina and 10% reactive silica was chosen to generate this thickness and average grade. Based on work presented by other bauxite companies, it is expected that average grades (post-beneficiation) will lie within the alumina grade range of bauxite mined on a commercial scale in the Darling Range (i.e. around 27-30% Al2O3) which currently accounts for 23% of global alumina production;
http://www.ga.gov.au/products-services/publications/aimr/bauxite.html).

Extrapolation Assumptions

The resource is currently extrapolated out to the edge (break in slope) of the topographic feature on which the drill holes are sited, a distance of up to 1,500 metres beyond sample points as shown in Figure 3. We have chosen not to use a simple distance based assumption with regards to this resource, because of the nature of the geology and its' clearly identifiable surface expression which gives a high level of confidence with regards to the size and nature of the resource.

If we just use a simple distance continuity model of a radius of 200m around each borehole or group of boreholes within that confidence radius, the area is calculated

as 2.3 km2. However, we believe this method not to be an accurate method of calculating a visible surface bauxite resource due to the ability to do clear surface mapping and the resultant confidence of the continuity of the drilling and analysis results to date within a clearly defined and mapped area. The principal assumption used is based upon our observations that we have a high level of geological confidence to assume that the geology and mineralisation are continuous between those boreholes containing bauxite in un-dissected terrain at the same general elevation. The possible uncertainty here is in the assumption that the mineralisation of appropriate grade is indeed continuous between boreholes and to the edges of the landform feature of which we have a strong basis to believe to be the case based on the mapping, sampling and clear results to date.

Confidence to do this extrapolation is based on the extremely simple geometry of the geologic model for the mineral deposit- a flat-lying visible weathering horizon at surface varying between 0.5 and 3 m thick with no overburden.

Based on these extrapolation assumptions, the total area of the interpreted resource is 9.2 km2, giving a volume of 17,053,000 m3 and a tonnage of 30.7mt (assuming a density of 1.8). On this basis, the extrapolated part is 76% of the total estimated Resource.

Geology/geomorphology is vital in guiding the extrapolation in this mineral resource estimation. Topographically high features, interpreted to be part of the original flat lava surface, such as plateaus, ridge tops etc., were drilled. On any such feature, where bauxite was recovered in between 1 and 5 holes and where surface landform features appear consistent (smooth, flat), the interpretation of the edge of bauxite mineralisation was carried out to the edge (break in slope) of the topographic feature, a distance varying between 100 metres and 1500 m.

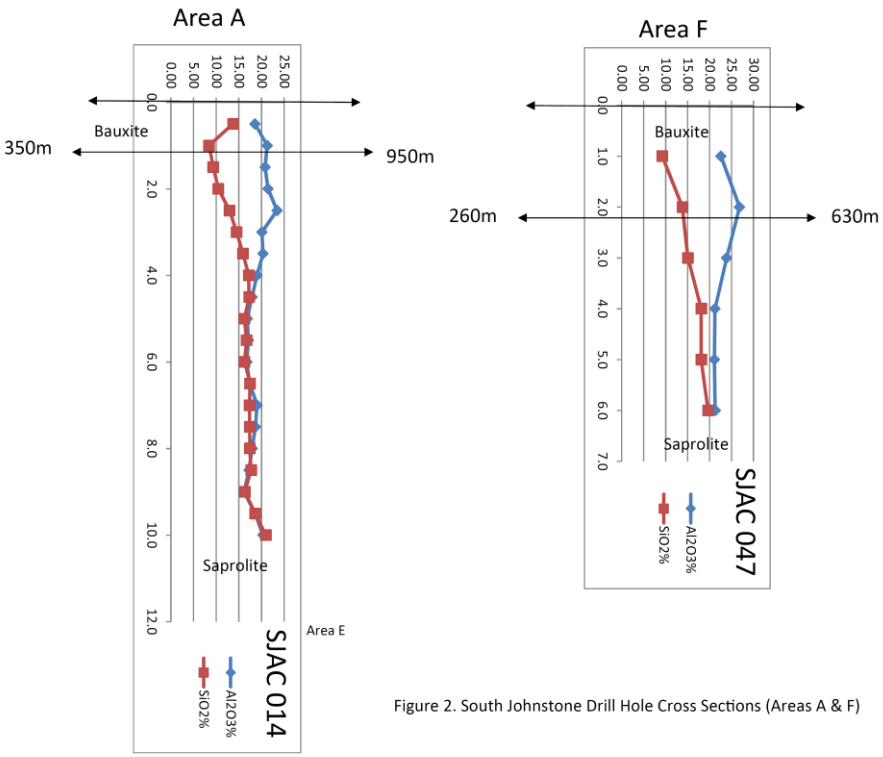


Figure 2. South Johnstone Drill Hole Cross Sections (Areas A & F)

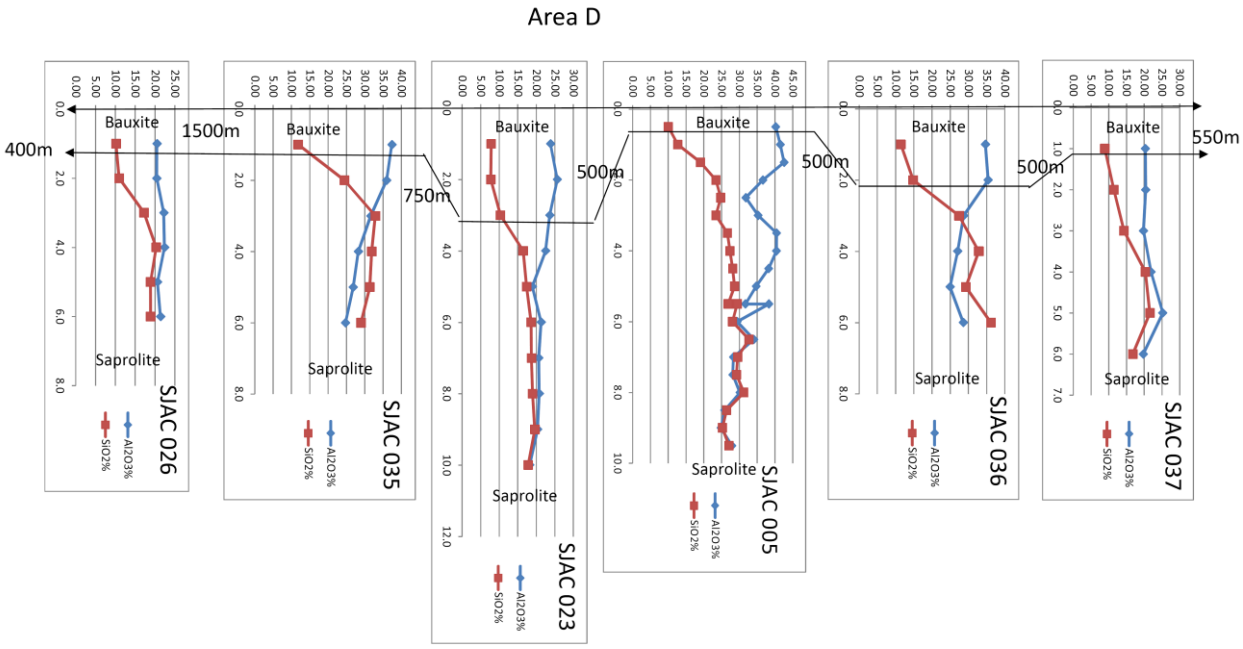


Figure 2. South Johnstone Drill Hole Cross Sections (Area D)

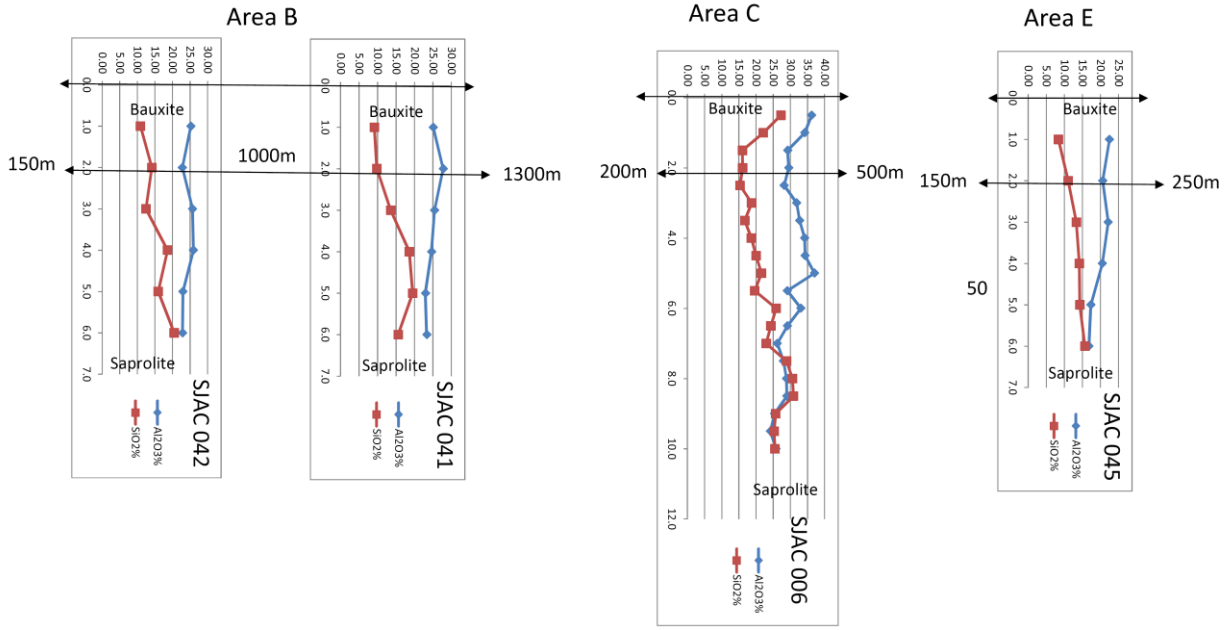


Figure 2. South Johnstone Drill Hole Cross Sections (Areas B, C & E)

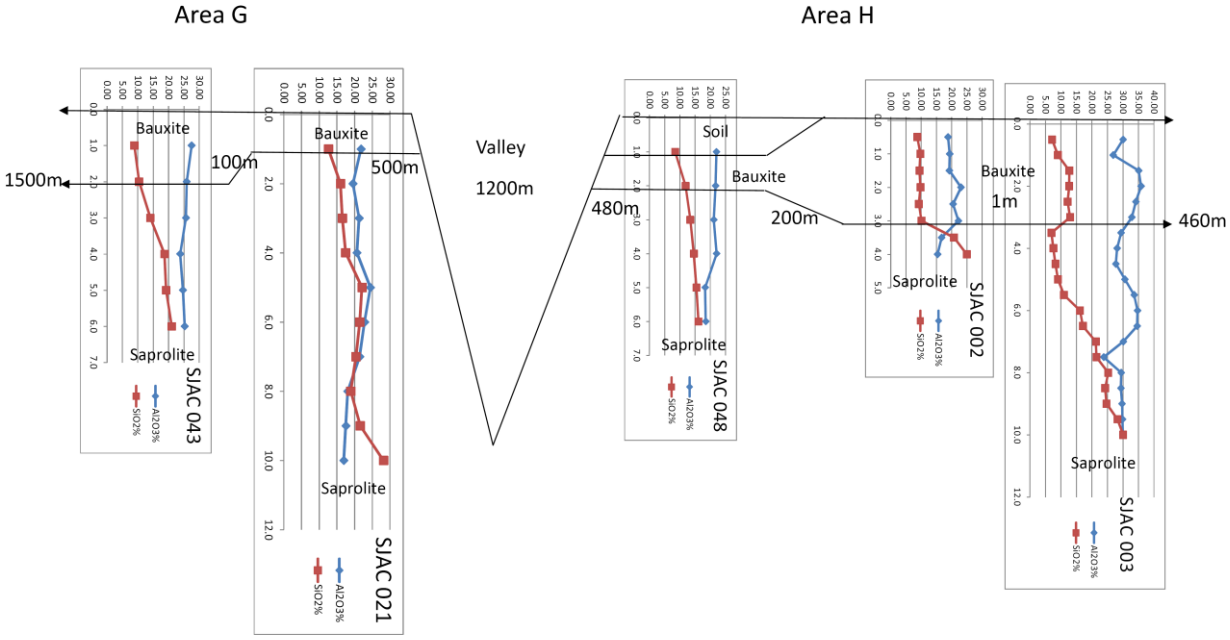


Figure 2. South Johnstone Drill Hole Cross Sections (Areas G & H)

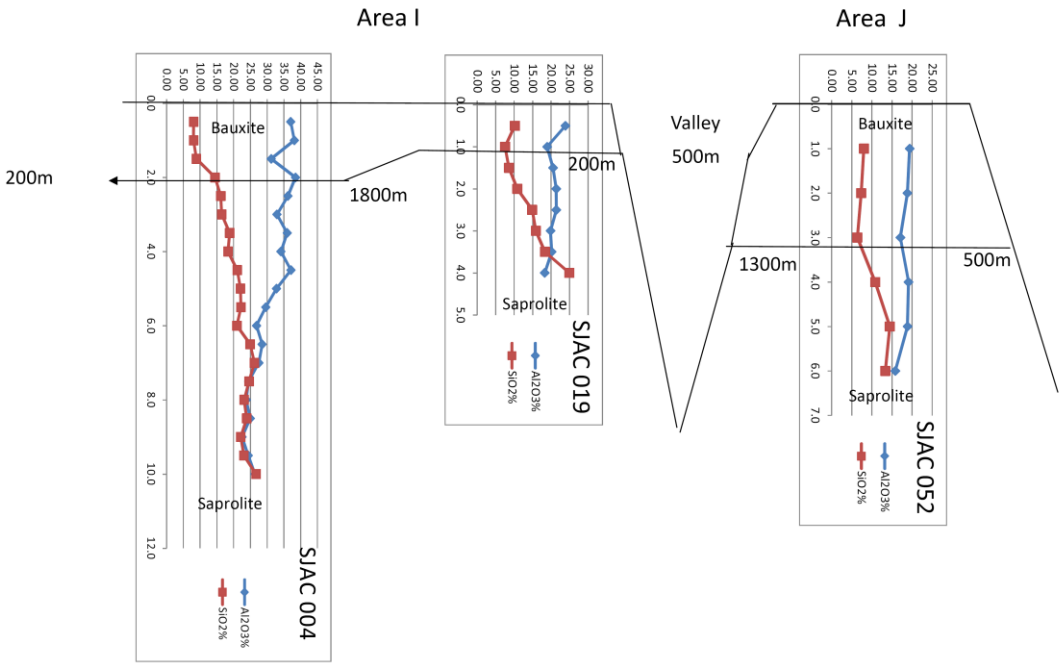
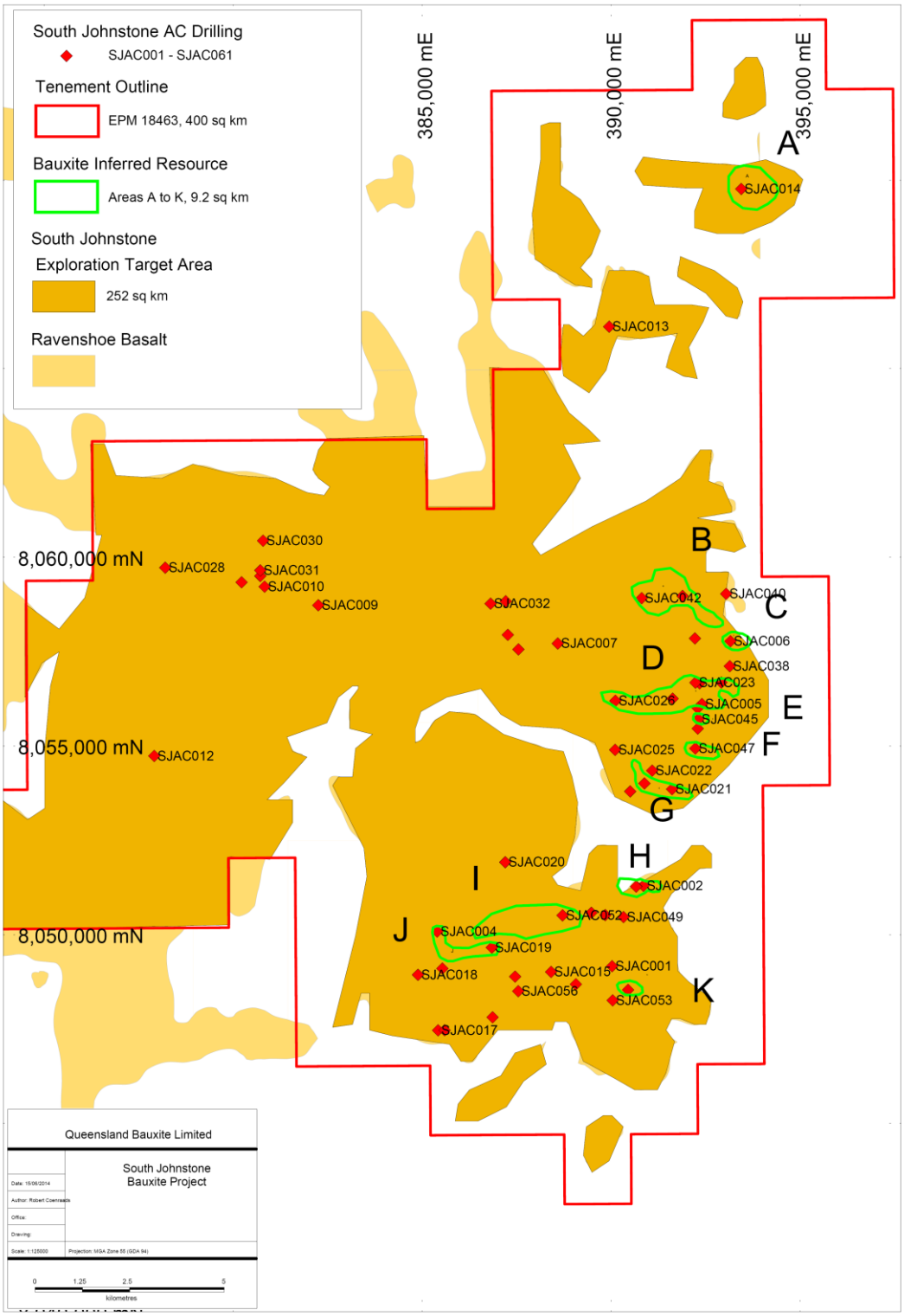


Figure 2. South Johnstone Drill Hole Cross Sections (Areas I & J))


South Johnstone AC Drilling
SJAC001 - SJAC061
Tenement Outline
EPM 18463, 400 sq km
Bauxite Inferred Resource
Areas A to K, 9.2 sq km
South Johnstone
Exploration Target Area
252 sq km
Ravenshoe Basalt
385,000 mE
390,000 mE
395,000 mE
8,060,000 mN
8,055,000 mN
8,050,000 mN
A
B
C
D
E
F
G
H
I
J
K
SJAC014
SJAC013
SJAC030
SJAC028
SJAC031
SJAC010
SJAC009
SJAC032
SJAC042
SJAC040
SJAC007
SJAC006
SJAC038
SJAC023
SJAC026
SJAC005
SJAC045
SJAC012
SJAC025
SJAC047
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SJAC021
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SJAC052
SJAC049
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SJAC019
SJAC018
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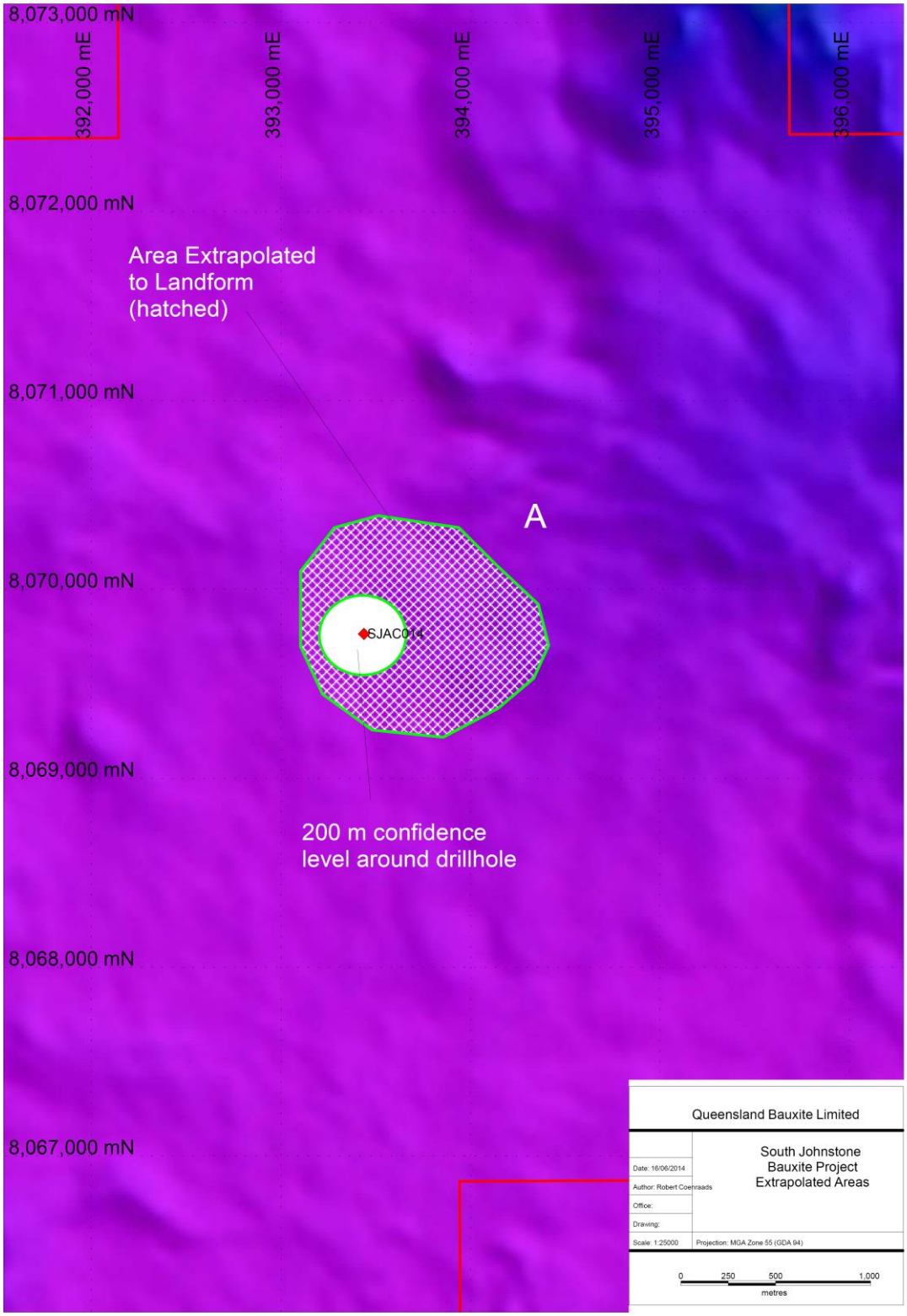
Queensland Bauxite Limited
South Johnstone
Bauxite Project
kilometres

FIGURE 1

Queensland Bauxite Limited



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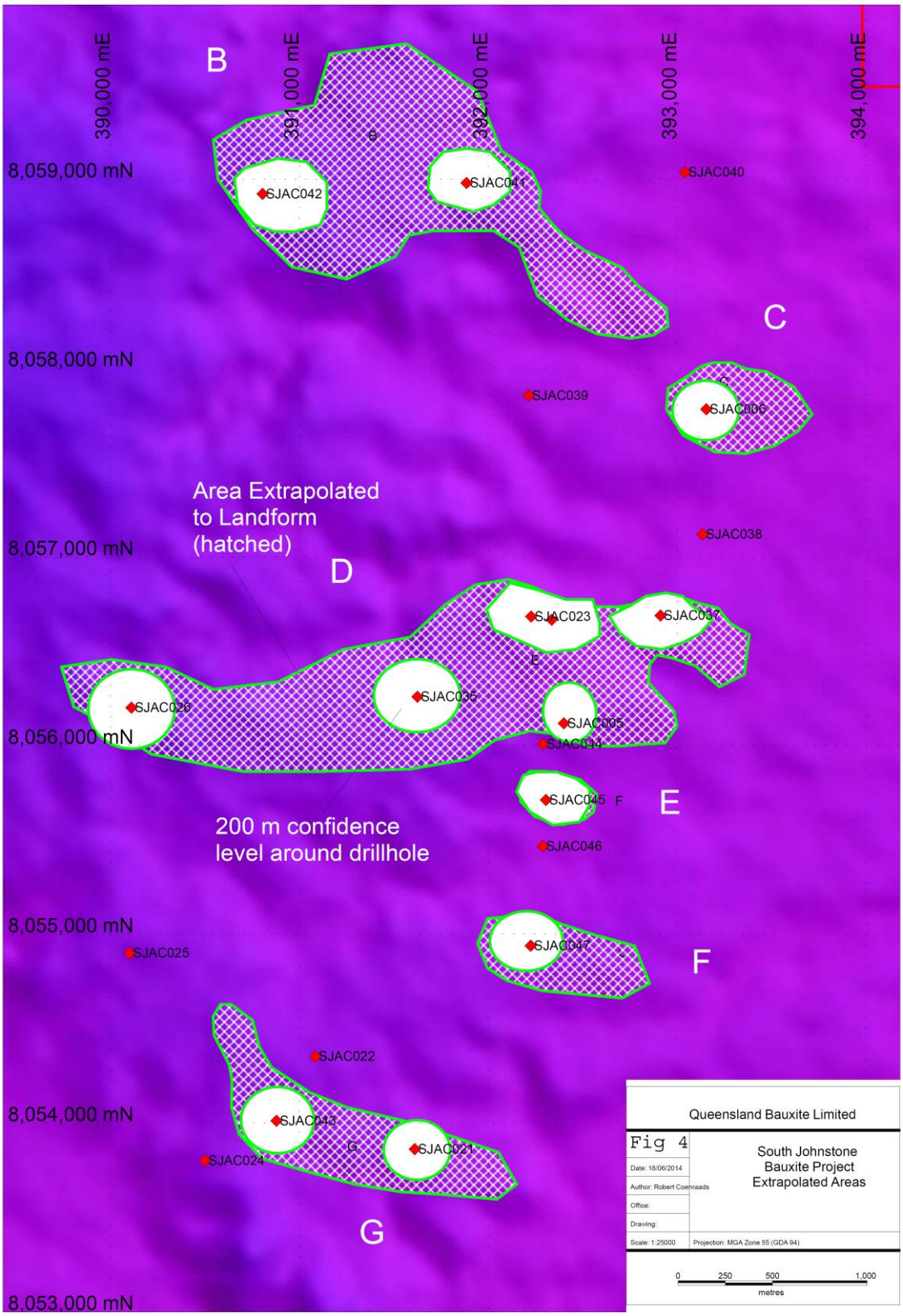

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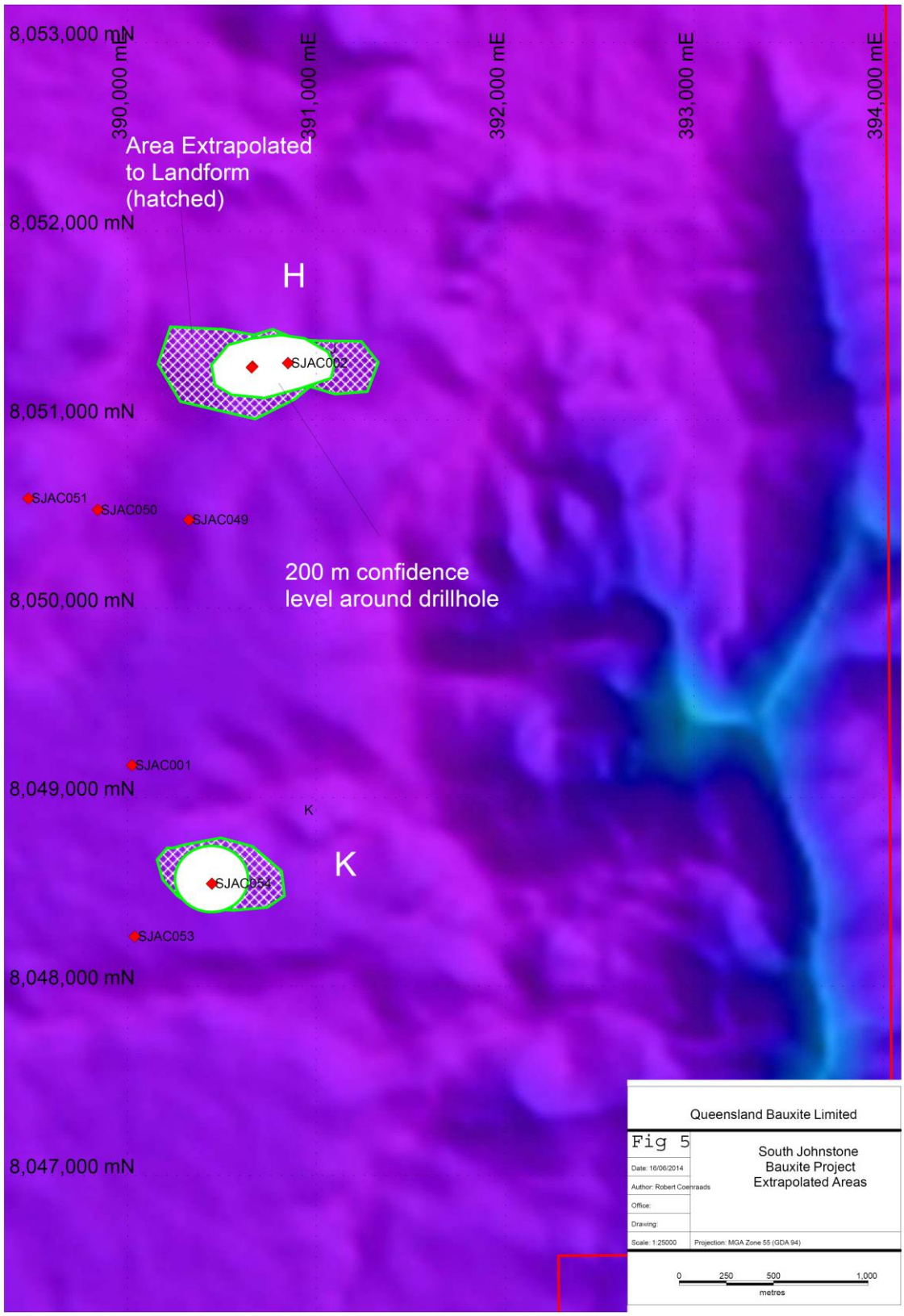

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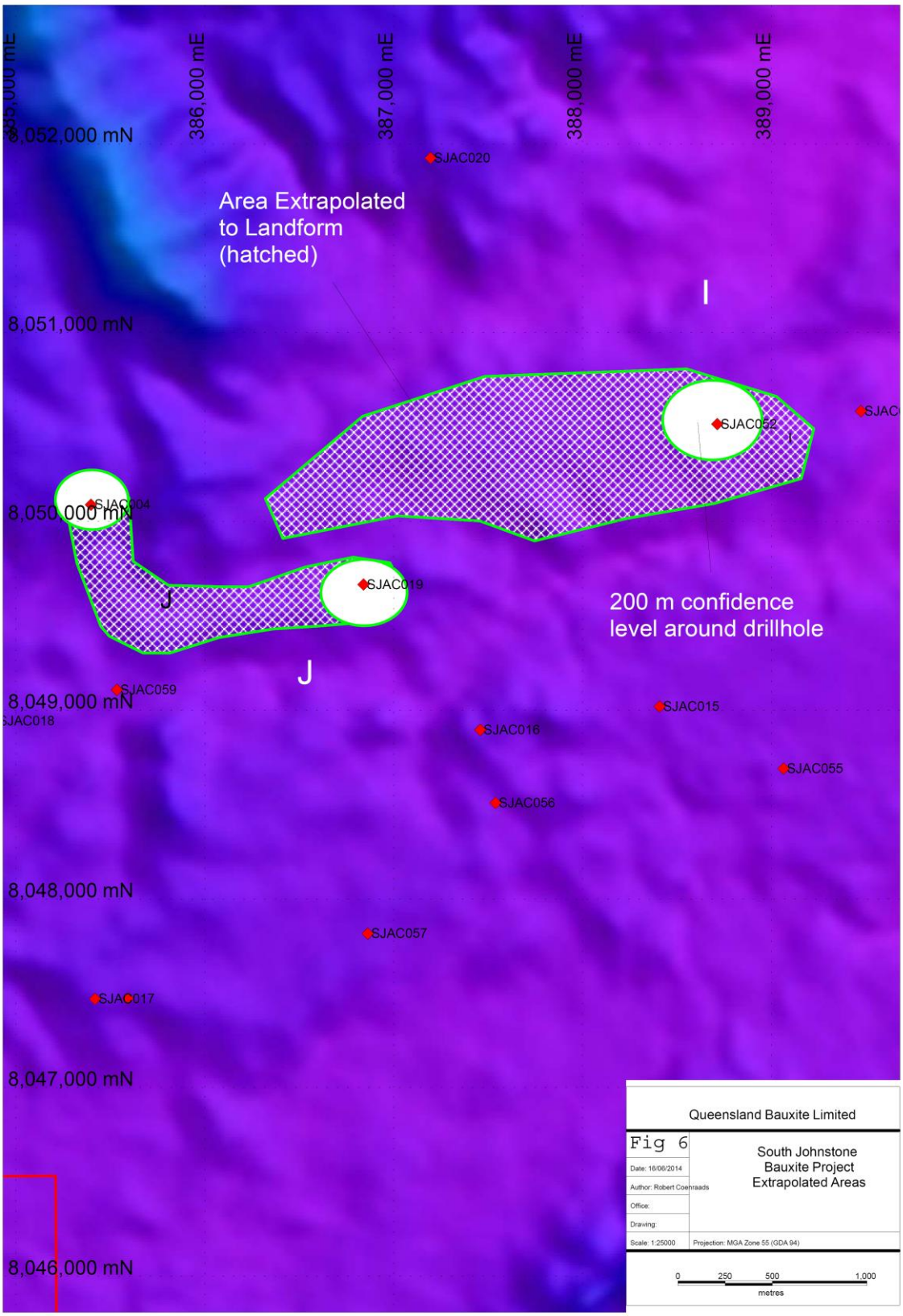

Geology and Geological Interpretation

The South Johnstone Project is a prospective bauxite project.

Bauxite mineralisation occurs at surface in a weathering profile that is known from the drilling to extend from 0m to a depth of about 3m. It is found as a continuous blanket overlying flat-lying basalt flows of the Atherton Province within EPM18463. The deposit formed by weathering of the basalt surfaces with resultant leaching of silica downwards and concentration of alumina towards the surface of the profile. It is not clear how much of the material is in-situ or if some transportation has been involved, However in at least a third of the holes, a gradual decline in alumina and increase in silica with depth is noted in the first few metres indicating an in-situ profile.

Drilling to date indicates there is no overburden

Geology/geomorphology is vital in guiding the mineral resource estimation. Topographically high features, interpreted to be part of the original flat surface of the Atherton Basalt lava flows, such as plateaus, ridge tops etc., were drilled. On any such feature, where bauxite was recovered in between 1 and 5 holes and where surface landform features appear consistent (smooth and flat or gently undulating), the mineralized horizon is interpreted to extend to the edge (break in slope) of the topographic feature, a distance varying between 100 metres and 1.5 km.

The confidence in the geological interpretation of the mineral deposit is reasonable because of its simple geometry - a flat-lying visible or gently undulating weathering horizon at surface.

The principal assumption is that the geology and mineralisation is continuous between boreholes containing bauxite in un-dissected terrain at the same general elevation. However comparisons between bauxite thickness and grade have been made in drill holes 1m, 100m and 200m apart to test the assumption of continuity of the mineralized body and these show good consistency Available alumina grades vary up to 6% and reactive silica up to 2.2% about the average of the holes being compared.

Continuity of the mineral deposit is not assumed where the terrain has been dissected by younger drainages. In this case it is assumed that the bauxite has been eroded away, although this needs to be tested by drilling as there may be secondary deposits of transported bauxite in these areas.

Sampling and Sub-sampling Techniques

Air core drilling of vertical holes to an average depth of 7.5 m was carried out to recover 0.5 m sample lengths downhole (holes SJAC 001 to 015) and 1 m sample lengths (holes SJAC 016 to 060). Holes were plugged (octoplug) at a depth of 1m

and backfilled. Pulverized material from air core, was collected by cyclone, dry (or damp), in a calico bag. The entire drilled sample interval was collected to assure an appropriate sample size. Each bagged sample weighed approx 2 to 3 kg. All samples were analysed by hand held XRF analyser (Innov-X) in the field (calibrated to bauxite standards (GBAP3 & GBAP7) of known composition) to provide semi-quantitative element oxides. A selection of samples were sent for assay by ALS Minerals (see results table). At the ALS laboratory. samples were riffle split and 1000g pulverized to 85% < 75 micron then analyzed for available alumina (according to process Al-LICP01) and reactive silica (Si-LIP01) using an ICP-AES instrument (Leach conditions – 1g leached in 10ml of 90gpl NaOH at 143 degrees for 30 minutes).

Bagged samples were not subsampled. Samples were prepared by ALS to industry standards according to the techniques described above in sampling techniques. The material was friable and the grain size fine, so no sampling bias is anticipated.

Drilling Techniques

Air core drilling was carried out to industry standard using an Underdale Proline aircore drill rig. Vertical holes were drilled to an average depth of 7.5 m. Holes were plugged at a depth of 1m (by octoplug) and backfilled. Pulverized material from air core, was collected by cyclone, dry or damp, in a labelled calico bag.

Classification Criteria

Because of the preliminary nature of the exploration (60 holes drilled into a sound geological model with encouraging results in one third of those holes) plus only a preliminary understanding of the Modifying Factors of the Mineral Resource that will come into play in planning for a simple open pit quarrying and DSO operation (mining, metallurgical, infrastructure, economic, marketing, legal, environment, social and government), the Mineral Resource must be classified into the lowest category of JORC Inferred at this early stage.
This is the competent person's opinion of the deposit based on work to date.

Sample Analysis Method

In the ALS laboratory. samples were riffle split and 1000g pulverized to 85% < 75 micron then analyzed for available alumina (according to process Al-LICP01) and reactive silica (Si-LIP01) using an ICP-AES instrument (Leach conditions – 1g leached in 10ml of 90gpl NaOH at 143 degrees for 30 minutes).

Estimation Methodology

For this preliminary estimation exercise, it was considered appropriate to assume continuity of the mineralisation (where discovered on any particular remnant

plateau or ridge top landform) to the edge of that topographic feature. Eleven areas (A to J) were identified as outlined on figure 2.
Volume calculation was made using the surface area of bauxite mineralisation (as indicated by the drilling and topographic constraints) multiplied by bauxite thickness of each block (averaged from the drilling in each block) for volume.
Previous estimates of a mineral deposit size of 43 mt at South Johnstone were made by CEC as reported above, and even though 2 of their holes (H14 and H13) were twinned by Queensland Bauxite (SJAC 001, 002 and 048), the fact that data exist for only a few of the CEC holes, and that only total alumina was reported with no silica analyses made, render these results unsuitable for inclusion in this analysis. They can act as a guide however, with Queensland Bauxite now anticipating finding bauxite in the vicinity of CEC holes H9, 10, 11 and 12 when exploration commences in that area.
Cutoff grade and average grade were determined as discussed below to determine the largest tonnage of lowest possible economic grade.

Cut-off Grades

A bauxite cut-off grade was used. Samples with under 20% available Al2O3 or more than 10% reactive SiO2 were not included. The average grade calculation was based on 51 samples (a total true thickness of 40.5m bauxite drilled). This cutoff grade allows an average of 25.2% which is expected (post-beneficiation) to lie within the alumina grade range of bauxite mined on a commercial scale in the Darling Range (i.e. around 27-30% Al2O3) and accounting for 23% of global alumina production - reference Geoscience Australia:

http://www.ga.gov.au/products-services/publications/aimr/bauxite.html)

Mining and Metallurgical Factors

It is assumed that mining at South Johnstone will be via simple open cut quarrying operations – top soil stripping ahead of a progressing mining face with progressive rehabilitation and return to agricultural use behind. Ore will be trucked to nearby rail heads and transported by rail the short distance to Mourilyan Harbour as a direct shipping ore (DSO) product.

Available alumina and reactive silica results obtained from ALS's low temperature alkali leach techniques simulate conditions found in a bauxite refinery.

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Queensland Bauxite Limited

XRF Analytical Results from South Johnstone Drilling

X-ray Fluorescence (XRF) results have been received for a selection of drill samples from the South Johnstone Bauxite Project.

The total alumina lies in the range from 32% to 38% Al2O3 and these results compare directly with the results obtained by Carpentaria Exploration Company (CEC) of 31% to 37% Al2O3, reported by Znebejanek (1961). The location of the CEC drill holes are shown on Figure 1 (see Additional Information below).

Ten samples from 5 drill holes scattered across the Atherton Basalt target were analysed to determine elemental oxide percentages (by ALS using X-Ray Fluorescence - XRF). The location of the drill holes chosen are shown on Figure 1, the assumptions and methodology used are shown in JORC Table 1, and the results for each sample shown in Table 3.

This work allows a preliminary insight into the elemental make-up of the South Johnstone bauxite and its water content. The key oxides present are Al2O3 (32–38%), Fe2O3 (25-31%), SiO2 (3.0-15.9%), TiO2 (4.1-5.6%), P2O5 (0.46-1.17%), MnO (0.08-0.45%), MgO (0.07-0.45%) and Loss on Ignition LOI (18.9-23.2%). Two of the samples chosen of XRF analysis (SJAC 013 0.0-0.5 & SJAC 019 1.0 - 2.0) were sub cut-off grade bauxite (i.e. with avail Al2O3 <20% & Rx SiO2 >10%). A comparison between total alumina and available alumina, and total silica and reactive silica is shown in Table 1 below.

SAMPLE	Total Al2O3 ALS Laboratory	Avail Al2O3 ALS Laboratory	Total SiO2 ALS Laboratory	Rx SiO2 ALS Laboratory
DESCRIPTION	%	%	%	%
SJAC 013 0.0 - 0.5	32.3	19.9	12.95	8.2

SJAC 014 0.5 - 1.0	34.5	25.3	6.31	4.2
SJAC 019 0.0 - 1.0	32.4	20.8	15.90	8.1
SJAC 019 1.0 - 2.0	33.4	19.3	12.00	10.7
SJAC 023 0.0 - 1.0	36.3	27.7	9.82	5.9
SJAC 023 1.0 - 2.0	38.2	30.8	7.49	4.9
SJAC 023 2.0 - 3.0	36.9	26.6	8.94	7.7
SJAC 052 0.0 - 1.0	37.0	29.4	9.19	2.9
SJAC 052 1.0 - 2.0	38.0	31.7	5.29	1.8
SJAC 052 2.0 - 3.0	37.1	29.4	2.98	1.9

Table 1: Comparison between Total and Available Alumina and Total and Reactive Silica

XRD results confirms Gibbsite content

Mineral ID	MASS%			
	SJAC 014 0.5-1.0	SJAC 019 1.0-2.0	SJAC 023 1.0-2.0	SJAC 052 1.0-2.0
Clay mineral	5	16	6	9
Zeolite	3	1	6	3
Zeolite (with P)	<1	0	2	0
Serpentine group	1	2	1	1
Clinochlore	2	1	1	0
Kaolinite	2	5	2	2
Mica	1	1	2	1
Alpha quartz	10	5	7	6
Al-phosphate	1	0	0	0
Al-Fe phosphate	2	0	0	0
Gibbsite	36	43	48	47
Boehmite	0	<1	0	2
Diaspore	0	0	<1	3
Goethite	7	4	1	3
Goethite (Al)	4	5	1	3
Hematite	3	3	5	5
Maghemite	0	3	7	5
Magnetite	10	0	0	0
Magnetite (Ti)	5	6	0	4
Anatase	5	2	7	5
Gypsum	0	<1	0	0
Pyrite	0	-1	-1	-1

Table 2. Results of XRD analysis of South Johnstone Samples

In conclusion, XRD testing has shown the South Johnstone bauxites to be predominantly gibbsite with lesser amounts of iron/titanium oxides, clay minerals and quartz.

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Additional Information

X-ray Diffraction (XRD) Analysis at South Johnstone

Three bauxite samples SJAC 014 0.5-1.0, SJAC 23 1.0-2.0 and SJAC 32 1.0-2.0, and one of sub-bauxitic grade SJAC 019 1.0-2.0, were selected for XRD analysis to determine the mineralogy present. The depth range of the samples was chosen to start at least 0.5m below the surface so as not to include top soil.

Results

The results presented in Table 2 show that the dominant mineral phase present in the samples is gibbsite (36-48%). Other aluminium phases requiring high temperature processing are either absent or in very low concentration (Boehmite 0-2% and Diaspore 0-3%). Various iron-rich phases are present and clays make up 5-9% of the bauxites, rising to 16% in SJAC 019 1.0-2.0 which explains its higher reactive silica.

Notes on Table 2: The quantitative results shown in the XRD table have been normalised to 100 %, and it should be noted that the values shown represent the relative proportion of the crystalline material in the sample. Totals greater or smaller than 100 % are due to rounding errors.
Negative results in the table indicate normally a larger than usual uncertainty in regard to the quantity of the phase reported; for some of the minor and trace phases it might also indicate an uncertainty in regard of the phase itself, or both.

- Overall crystallinity is low.
- Amorphous material is present.
- A large number of clay minerals are present, including smectite, interlayered smectite, vermiculite, palygorskite. These have been jointly reported under the general heading 'Clay mineral'.
- At least three dfferent zeolites are present, ranging from pure Si-framework to Si/Al framework zeolites.
- 'Zeolite (with P)' has been reported, as there appears to be a framework zeolite with phophorous present, which is different from the other zeolites. Identification is based on poorly defined peaks and needs to be taken with caution.
- Al-phosphate and Al-Fe phosphate represent simple phosphates (AlPO4 and (Al,Fe)PO4. They are, nonetheless, structurally complex and variable. These might be present in all four samples.
- Boehmite and diaspore identification and quantification is based on largely overlapped patterns, and both presence and quantity are somewhat uncertain. Diaspore might be present in all samples.
- Goethite and Goethite (Al) have been indepedently quantified; the overall quantity should be reasonably accurate, but individual quantities are uncertain. Goethite might contain some Mn.
- Hematite might contain some Al.
- Maghemite might contain some Ti and possibly Al.
- Anatase is likely overestimated slightly, as only one peak could be used for quantification.
- The presence of pyrite is surprising; the quantities reported are very uncertain, as the pattern shows very strong signs of alteration/weathering. It might be overestimated.

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JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling*	• Air core drilling: Vertical holes to an average depth of 7.5 m was carried out to recover 0.5 m sample lengths downhole (holes SJAC 001 to 015) and 1 m sample lengths (holes SJAC 016 to 060). Holes were plugged at a depth of 1m (by octoplug) and backfilled. Pulverized material from air core, was collected by cyclone, dry (damp), in a calico bag. The entire drilled sample was collected to assure an appropriate sample size. Each bagged sample weighed approx. 3 kg. • Hand held XRF analyser: All samples analysed by Innov-X in the field (calibrated to a bauxite standard of known composition) to provide semi-quantitative element oxides, with a selection of samples sent for assay by ALS Minerals (see results table 3). • Sample Prep: In the ALS laboratory. samples were riffle split and 1000g pulverized to 85% < 75 micron then analysed. • Low Temp Leach for available

Criteria	JORC Code explanation	Commentary
	was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	alumina (according to process Al-LICP01) and reactive silica (Si-LIP01) using an ICP-AES instrument (Leach conditions – 1g leached in 10ml of 90gpl NaOH at 143 degrees for 30 minutes).. • Elemental Oxides: Based on above, 10 samples from 5 drill holes from 4 of the Resource areas were analysed by ALS to determine elemental oxide percentages by fusion x-ray diffraction (ME-XRF13n process) and water content/loss on ignition by TGA furnace (TGA furnace). • XRD: The samples were pressed into a back-packed sample holder to minimize preferred orientation of the particles. Powder X-ray diffraction (XRD) was used to analyse the samples and a combination of matrix flushing and reference intensity ratio (RIR) derived constants was used in the quantification of the minerals identified in the samples. The instrument parameters are listed as follows:

XRD	**Panalytical Empyre**
Radiation	**Cu Kα 1.5406**

Criteria	JORC Code explanation	Commentary
		Generator **45 kV 40 mA** **Angular Range** **5° to 65° 2θ** **Time/Step** **1s** **Step Size** **0.02º 2θ** **Divergence Slit** **0.5 mm** **Anti-Scatter Slit** **0.5°** **Slit Type** **Fixed** **Rotation Speed** **120 rpm** Results for weight percent oxides presented to 0.01% accuracy (Al2O2 &SiO2 to 0.1% accuracy), Results for available Al2O3l and rx SiO2 presented to 0.1% accuracy. XRD results presented to 1% accuracy
Drilling technique	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	• Air core drilling carried out to industry standard using an Underdale Proline aircore drill rig
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure*	• Samples collected in calico bags labelled with hole number and depth interval, and duplicate label on an aluminium tag included in bag. Representative samples collected in chip trays labelled by hole number and

Criteria	JORC Code explanation	Commentary
	representative nature of the samples. • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	interval. • The entire sample interval was collected and no loss of fines was noted
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	• Samples described geologically on site, analysed with hand-held XRF and photographed. Separation between potential bauxite (red/yellow) and weathered basalt (grey/black) was possible at this stage. Samples with high alumina and low silica as recorded on the XRF were selected for analysis. All 60 holes were logged as described providing semi-quantitative percent total elemental oxide results for Al2O3, SiO2, Fe2O3 and TiO2, over a total of 460 m.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the*	• Bagged samples were not subsampled. • Samples were prepared by ALS to industry standards according to the techniques described above in sampling techniques • Material soft and friable, grain

Criteria	JORC Code explanation	Commentary
	nature, quality and appropriateness of the sample preparation technique. • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	size fine.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied*	• Samples were analysed by ALS Minerals according to their industry standards. Results for Avail-alumina and Rx-silica and weight percent oxides presented to 0.01% accuracy. • A QC certificate (BR14078034) was issued by ALS for the low temperature leach containing 2 standards, 2 blanks and 2 duplicate samples. • A QC certificate (BR14078034) was issued by ALS for the high temperature leach containing 2

Criteria	JORC Code explanation	Commentary
	and their derivation, etc. • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	standards, 2 blanks and 2 duplicate samples • A QC certificate (BR14086033) was issued by ALS for total oxide weight percent by fusion XRF and LOI by TGA furnace containing 4 standards, 1 blanks and 3 duplicate samples. • A QC certificate (BR14090104_67782-27328381 was issued for for Al2O3 avbl and rx SiO2 presented to 0.1% accuracy with 2 standards, 2 blanks and 3 duplicates. • These certificates show acceptable levels of accuracy (i.e. lack of bias) and precision have been established
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Sampling was carried out by independent laboratory ALS • Twinned sampling was carried out (SJAC 002 and 003) as detailed below and preliminary experiments carried out to test continuity at a distance between holes of 100m and 200m as described below. • Results stored by ALS Minerals and in two places in the Company's in-house system • Assay results are presented as reported with no adjustment. • Samples were analysed from a

Criteria	JORC Code explanation	Commentary
		twinned hole (drilled next to one another) SJAC 002 and SJAC 003 and the first 3 m of each analysed (over intervals of 0.5 m; i.e. 6 samples from each hole). Available alumina varied by less than 2.6% of the mean result of a particular interval and reactive silica varied by less than 1.7% from the mean.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill hole collars were located using hand-held GPS (accuracy 5 m) • Coordinates recorded in GDA94 • Topographic control to ± 10mprovided by 1:100,000 topographic sheets; Atherton 7963, Bartle Frere 8063, Ravenshoe 7962 and Tully 8062; contour elevation interval 20m.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been*	• EPM18463 was drilled at a spacing varying between 100m and 5km within the target geological unit (Atherton Basalt Terrain), and at a spacing of 100m to 1.5km surrounding and within the areas defined as containing bauxite resource. The deposit is a surficial deposit formed on flat-lying to gently undulating topography giving reasonable confidence to interpolate geology from hole to hole. • In relation to the resource calculation, samples were analysed from a pair of holes (spaced 110m apart) SJAC 023 and

Criteria	JORC Code explanation	Commentary
	applied.	SJAC 036 and the first 2 m of each hole analysed (over intervals of 1 m ie 2 samples from each hole). Available alumina varied by less than 3.1% of the mean result of a particular interval and reactive silica varied by less than 2.2% from the mean. • Further, samples were analysed from SJAC 048 drilled at a distance of 200m from the twinned holes SJAC 002 and SJAC 003 and the first 2 m of the holes compared (over intervals of 1 m i.e. 2 samples from each hole). Available alumina varied by less than 5.9% of the mean result of a particular interval and reactive silica varied by less than 2.1% from the mean. • In relation to the XRF results, Samples were analysed from holes in Area A (SJAC 014), Area D (SJAC 023), Area I (SJAC 052) and Area J (SJAC 019). A below cut-off bauxite sample from SJAC 013 was also analysed. Total weight percent oxides. XRD results are presented in Table 2. Total and available alumina results and total and reactive silica results are compared in Table 4. No sample composting has been applied
Orientation of data in relation to geological	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit*	• The deposit is considered as a planar horizontal sheet of approximately 1 to 3 m thick located at surface (surficial weathered deposit developed on flow basalts of the Atherton

Criteria	JORC Code explanation	Commentary
structure	*type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	Province. • Shallow vertical drilling was carried out along the network of roads crossing the deposit sampling the mineralisation at right angles (i.e. yielding a true thickness).
Sample security	• *The measures taken to ensure sample security.*	• Samples were shipped to the company's storage facility (locked and alarmed) in Inverell, NSW, and there stored on pallets prior to shipment by TNT road transport to ALS minerals in Brisbane.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Samples were shipped to the company's storage facility (locked and alarmed) in Inverell, NSW, and there stored on pallets prior to shipment by TNT road transport to ALS minerals in Brisbane.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Exploration Permit EPM 18463 is 100% held by Queensland Bauxite Limited • The tenement is secure at the present time
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Exploration in the area was carried out by Carpentaria Exploration Company in the 1960s. Znebejanek (1961) reported results for total (acid soluble) alumina rather than for alkali leach and results for silica were not reported. The reports are based on drilling carried out using a Proline aircore rig and the subsequent analyses. The drill holes were plotted on the Queensland Two Mile Series Sheet 403. QBL transferred these data points to a database, and these data are plotted in

Criteria	JORC Code explanation	Commentary
		Figure 1 and as cross sections Figure 2 • QBL total alumina results lie in the range from 32% to 38% Al2O3 and these results compare directly with the results reported by Carpentaria Exploration Company (CEC) in 1961 of 31% to 37%
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Bauxite mineralisation occurs at surface in a weathering profile that is known from the drilling to extend from 0m to a depth of about 3m. It is found as a continuous blanket overlying flat-lying basalt flows of the Atherton Province within EPM18463. The deposit formed by weathering of the basalt surfaces with resultant leaching of silica downwards and concentration of alumina at the surface of the profile.
Drill hole Informati on	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea*	• Collar coordinates, RL, dip and azimuth for the 60 holes drilled are presented in Table 1A. • Analytical data for the holes analysed and discussed in this report are presented in Tables 1, 2, 3 & 4 • No material data have been excluded

Criteria	JORC Code explanation	Commentary
	level in metres) of the drill hole collar ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical*	• The average grade calculation was based on 76 samples drilled and analysed giving 25.2% Avbl Al2O3 and 6.9% Rx SiO2. In order to calculate this average grade for the material drilled, a bauxite cut-off grade was used. Samples with less than 20% available Al2O3 or greater than 10% reactive SiO2 were not included in the average. This cutoff grade was chosen to produce an average sitting just below the lower end of (and, following beneficiation, expected to rise into) the alumina grade range of bauxite mined on a commercial scale in the Darling Range and accounting for 23% of global alumina production (around 27-30% Al2O3) reference Geoscience Australia http://www.ga.gov.au/products-services/publications/aimr/bauxite.html) • Refer to Table 3

Criteria	JORC Code explanation	Commentary
	examples of such aggregations should be shown in detail. • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No aggegations have been used on these data • No metal equivalent values have been reported
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• Bauxite mineralisation occurs as part of a surface weathering layer can be modelled as a thin horizontal tabular body. • Vertical drill holes perforated this horizontal body at right angles, and therefore all down hole mineralisation intercept lengths are true thicknesses.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• See report body for Figure 1
Balanced	• *Where comprehensive*	• All exploration data (ALS

Criteria	JORC Code explanation	Commentary
reporting	*reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	analytical results and their location and depth range, etc.) are presented in the report – grade averages, number of samples, analytical results, and ranges of values are presented and explained.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Other exploration results; geologic logging of recovered samples, chip tray photographs and semi-quantitative hand-held XRF results are not included here as they are not material to the calculations presented
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas,*	• A shallow auger drilling program on an initial grid of 400 sq. m within the 250 sq. km Atherton Basalt target area is proposed (1600 points) to define the mineralisation within this area, with samples for the upper three metres collected at 0.5m intervals and being sent to ALS Brisbane for analysis for available alumina

Criteria	JORC Code explanation	Commentary
	provided this information is not commercially sensitive.	and reactive silica. • At present the undrilled portions of the Atherton basalt remain prospective and a shallow drilling program is proposed as described above

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Samples labelled in duplicate (aluminum tag in calico bag and permanent marker on bag). Samples bagged by hole and shipped to ALS on shrink wrapped pallet. Samples processed to industry samples and results returned on signed certificate plus QC analysis. Data also returned by ALS as editable .csv file to eliminate keying & transcription errors.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The competent person visited the project area 3 times: A preliminary tenement familiarization field trip; a second visit to GPS locate historic CEC holes, to plan holes adjacent to CEC holes that encountered bauxite according to Znebejanek (1961), and to organize landholder approval for drilling to take place in these areas; and a third visit, post drilling, to discuss findings with Queensland Bauxite's project geologist.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• Confidence in the geological interpretation of the mineral deposit is reasonable because of its simple geometry - a flat-lying visible weathering horizon at surface. Drilling to date indicates there is no overburden. • Principal assumption is that the geology and mineralisation is continuous between boreholes containing bauxite in un-dissected terrain at the same general elevation. • Geology/geomorphology is vital in guiding the mineral resource estimation. Topographically high features, interpreted to be part of the original flat lava surface, such as plateaus, ridge tops etc., were drilled. On any such feature, where bauxite was recovered in between 1 and 5 holes and where surface landform features appear consistent (smooth, flat), the interpretation of the edge of bauxite mineralisation is carried out to the edge (break in slope) of the topographic

Criteria	JORC Code explanation	Commentary
		feature, a distance varying between 100 metres and 1.5 km. • Comparisons between thickness and grade have been made in drill holes 1m, 100m and 200m apart with available alumina grades varying up to 17% and reactive silica up to 22% about the average. • Continuity of the mineral deposit is not assumed where the terrain has been dissected by younger drainages. In this case it is assumed that the bauxite has been eroded away, although this needs to be tested by drilling as there may be deposits of transported bauxite mineralisation in these areas
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The deposit is flat-lying with air core penetration up to 10m (limited by the number of extension rods carried on the rig) bauxite was encountered in the upper 3 metres of 22 of the 60 holes drilled (i.e. in 37% of the holes drilled)
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample*	• For this preliminary estimation exercise, it was considered appropriate to assume continuity of the mineralisation (where discovered on any particular remnant plateau or ridge top landform) to the edge of that topographic feature. Eleven areas (A to J) were identified as outlined on the accompanying figure, • Volume calculation was made using the surface area of bauxite mineralisation (as indicated by the drilling and topographic constraints) multiplied by bauxite thickness of each block (averaged from the drilling in each block) for volume. • Previous estimates of a mineral deposit size of 43 mt at South Johnstone were made by CEC as reported above, and even though 2 of their holes (H14 and H13) were twinned by Queensland Bauxite (SJAC 001, 002 and 048), the fact that data exist for only a few of the CEC holes, and that only total alumina was reported with no silica analyses made, render these results unsuitable for inclusion in this analysis. They can act as a guide however, with Queensland Bauxite now anticipating

Criteria	JORC Code explanation	Commentary
	spacing and the search employed. • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	finding bauxite in the vicinity of CEC holes H9, 10, 11 and 12 when exploration commences in that area. • Cutoff grade and average grade were determined as discussed above to determine the largest tonnage of lowest possible grade.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• Bauxite tonnage was calculated from volume using 1.8 dry tonnes per cubic metre in situ based on conservative estimates for high iron bauxite provided by independent geologist Morgan (2011) and comparable with figures used by other company reports.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• A bauxite cut-off grade was used. Samples with under 20% available Al2O3 or more than 10% reactive SiO2 were not included. The average grade calculation was based on 51 samples (a total true thickness of 40.5m bauxite drilled). This cutoff grade allows an average of 25.2% which is expected (post-beneficiation) to lie within the alumina grade range of bauxite mined on a commercial scale in the Darling Range (i.e. around 27-30% Al2O3) and accounting for 23% of global alumina production - reference Geoscience Australia http://www.ga.gov.au/products-services/publications/aimr/bauxite.html)
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the*	• It is assumed that mining at South Johnstone will be via simple open cut quarrying operations – top soil stripping ahead of a progressing mining face with progressive rehabilitation and return to agricultural use behind. Ore will be trucked to nearby rail heads and transported by rail the short distance to Mourilyan Harbour as a direct shipping

Criteria	JORC Code explanation	Commentary
	assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	ore (DSO) product.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• Available alumina and reactive silica results obtained from ALS's low temperature alkali leach techniques simulate conditions found in a bauxite refinery. • No other metallurgical treatment studies, such as beneficiation studies and high temperature leach trials, have been conducted on the bauxite at this stage, although an improvement in grade is expected based on trials conducted by other companies
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• No environmental studies have been conducted at present. The land is currently being used for large and small acreage agricultural activities (principally sugar cane and bananas) • It is being assumed that a mining licence would be granted by government for an open cut extraction operation • It is being assumed that no unforeseen environmental difficulties, landholder, native title, or other issues would impact on the mining and processing operation.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by*	• No bulk density studies of the bauxite have been carried out at present. • A conservative dry bulk density figure of 1.8 for iron-rich bauxite has been used to carry out the above resource modelling. As no density work has been carried out, this value could be

Criteria	JORC Code explanation	Commentary
	methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	reasonably varied between 1.6 and 1.9 for the generation of minimum and maximum case models
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• Because of the preliminary nature of the exploration (60 holes drilled into a sound geological model with encouraging results in one third of those holes) plus only a preliminary understanding of the Modifying Factors of the Mineral Resource that will come into play in planning for a simple open pit quarrying and DSO operation (mining, metallurgical, infrastructure, economic, marketing, legal, environment, social and government), the Mineral Resource must be classified into the lowest category of JORC Inferred at this early stage. • This is the competent person's opinion of the deposit based on work to date.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• No audits or reviews of the Mineral Resource estimate has been carried out
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the*	Only limited geostatistical procedures have been carried out to quantify the relative accuracy of the Resource estimate of 30 m tonnes at this preliminary stage. Following are a list of the factors that could affect the relative accuracy and confidence of the estimate; • 1. The estimate of thickness: this varies between 0.5m and 3m in holes drilled in different areas with a mean of 1.8. Varying from the mean by 0.5m each way in the model causes the resource estimate to vary between 21.6mt and 38.2mt. • The estimate of bauxite dry bulk density could vary between 1.6 and 1.9. Using these values in the model causes the resource estimate to vary between 27mt and 32mt • The estimate of area is based on

Criteria	JORC Code explanation	Commentary
	procedures used. • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	geology and landform which involves extrapolation, in two cases, of up to 1,500m between boreholes. There is uncertainty here in the assumption that the mineralisation of appropriate grade is indeed continuous between boreholes and to the edges of the landform feature. If this confidence of continuity is restricted to a radius of 200m around each borehole or group of boreholes with that radius, the area reduces to 2.3 km2 the resource calculation is reduced to 7.5mt. • The resource estimate of 30mt is comparable to the estimate of 43mt made by CEC (Znebejanek, 1961) based on their drilling, although no calculations were presented in their report and the acid-soluble alumina analyses were non-compliant for use in estimation of a bauxite resource.

Queensland Bauxite Limited

Exploration results

- Collar coordinates, RL, dip and azimuth for the 60 holes drilled are presented in a separate table.
- Analytical data for the 22 holes analyzed are presented in a separate table
- No material data have been excluded

DATE	HOLE_ID	GDA94 mE	GDA94 mN	Prospect	Dip	From (m)	End of Hole (m)	Sampled from	Sampled to	# Samples
6/10/2011	SJAC001	390023	8049170	EPM18463	90°	0	10	0	3	3
6/10/2011	SJAC002	390849	8051301	EPM18463	90°	0	3.7	0	3	3
6/10/2011	SJAC003	390849	8051301	EPM18463	90°	0	10	0	5	5
7/10/2011	SJAC004	385397	8050088	EPM18463	90°	0	10	0	4	4
7/10/2011	SJAC005	392399	8056117	EPM18463	90°	0	10	0	3	3
7/10/2011	SJAC006	393153	8057781	EPM18463	90°	0	10	0	3	3
8/10/2011	SJAC007	388584	8057721	EPM18463	90°	0	10	0	3	3
8/10/2011	SJAC008	387545	8057565	EPM18463	90°	0	10	0	3	3
8/10/2011	SJAC009	382253	8058734	EPM18463	90°	0	10	0	3	3
8/10/2011	SJAC010	380830	8059227	EPM18463	90°	0	4.7	0	3	3
8/10/2011	SJAC011	380718	8059509	EPM18463	90°	0	10	0	3	3
8/10/2011	SJAC012	377912	8054739	EPM18463	90°	0	10	0	5	5
8/10/2011	SJAC013	389944	8066115	EPM18463	90°	0	10	0	3	3
8/10/2011	SJAC014	393438	8069764	EPM18463	90°	0	10	0	3	3
6/10/2011	SJAC015	388408	8049019	EPM18463	90°	0	10	0	5	5
9/10/2011	SJAC016	387458	8048895	EPM18463	90°	0	10	0	3	3
9/10/2011	SJAC017	385419	8047470	EPM18463	90°	0	10	0	3	3
9/10/2011	SJAC018	384889	8048942	EPM18463	90°	0	10	0	3	3
9/10/2011	SJAC019	386840	8049665	EPM18463	90°	0	10	0	3	3
9/10/2011	SJAC020	387195	8051925	EPM18463	90°	0	10	0	3	3
9/10/2011	SJAC021	391610	8053861	EPM18463	90°	0	10	0	3	3
9/10/2011	SJAC022	391083	8054352	EPM18463	90°	0	10	0	3	3
9/10/2011	SJAC023	392226	8056683	EPM18463	90°	0	10	0	3	3
10/10/2011	SJAC024	390500	8053800	EPM18463	90°	0	10	0	3	3
10/10/2011	SJAC025	390100	8054900	EPM18463	90°	0	6	0	3	3
10/10/2011	SJAC026	390110	8056200	EPM18463	90°	0	6	0	3	3
10/10/2011	SJAC027	3857200	8057200	EPM18463	90°	0	10	0	3	3
13/10/2011	SJAC028	378202	8059729	EPM18463	90°	0	6	0	3	3
13/10/2011	SJAC029	380221	8059342	EPM18463	90°	0	6	0	3	3
13/10/2011	SJAC030	380791	8060443	EPM18463	90°	0	6	0	3	3
13/10/2011	SJAC031	380716	8059657	EPM18463	90°	0	6	0	3	3
14/10/2011	SJAC032	386809	8058775	EPM18463	90°	0	6	0	3	3
14/10/2011	SJAC033	387210	8058840	EPM18463	90°	0	4	0	3	3
14/10/2011	SJAC034	387264	8057949	EPM18463	90°	0	6	0	3	3
14/10/2011	SJAC035	391624	8056258	EPM18463	90°	0	6	0	3	3
14/10/2011	SJAC036	392335	8056666	EPM18463	90°	0	6	0	3	3
14/10/2011	SJAC037	392911	8056688	EPM18463	90°	0	6	0	3	3
14/10/2011	SJAC038	393133	8057119	EPM18463	90°	0	6	0	3	3
14/10/2011	SJAC039	392213	8057854	EPM18463	90°	0	6	0	3	3
14/10/2011	SJAC040	393040	8059036	EPM18463	90°	0	6	0	3	3
14/10/2011	SJAC041	391884	8058980	EPM18463	90°	0	6	0	3	3
14/10/2011	SJAC042	390804	8058922	EPM18463	90°	0	6	0	3	3
16/10/2011	SJAC043	390878	8054011	EPM18463	90°	0	6	0	3	3
16/10/2011	SJAC044	392288	8056007	EPM18463	90°	0	6	0	3	3
16/10/2011	SJAC045	392304	8055711	EPM18463	90°	0	6	0	3	3
16/10/2011	SJAC046	392287	8055466	EPM18463	90°	0	6	0	3	3
16/10/2011	SJAC047	392224	8054939	EPM18463	90°	0	6	0	3	3
16/10/2011	SJAC048	390661	8051283	EPM18463	90°	0	6	0	3	3
16/10/2011	SJAC049	390324	8050470	EPM18463	90°	0	6	0	3	3
16/10/2011	SJAC050	389841	8050523	EPM18463	90°	0	6	0	3	3
16/10/2011	SJAC051	389474	8050584	EPM18463	90°	0	6	0	3	3
16/10/2011	SJAC052	388713	8050515	EPM18463	90°	0	6	0	3	3
17/10/2011	SJAC053	390037	8048263	EPM18463	90°	0	6	0	3	3
17/10/2011	SJAC054	390446	8048543	EPM18463	90°	0	6	0	3	3
17/10/2011	SJAC055	389064	8048690	EPM18463	90°	0	6	0	3	3
17/10/2011	SJAC056	387539	8048508	EPM18463	90°	0	6	0	3	3
17/10/2011	SJAC057	386862	8047816	EPM18463	90°	0	6	0	3	3
17/10/2011	SJAC058	385593	8047473	EPM18463	90°	0	6	0	3	3
17/10/2011	SJAC059	385534	8049107	EPM18463	90°	0	6	0	3	3
17/10/2011	SJAC061	390657	8051278	EPM18463	90°	0	20	0	3	3

Table 1A

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Queensland Bauxite Limited

BR14078034 - Finalized			
CLIENT : "QUEBAU - Queensland Bauxite Ltd"			
# of SAMPLES : 76			
DATE RECEIVED : 2014-05-26 DATE FINALIZED : 2014-06-06			
PROJECT : "South Johnstone"			
CERTIFICATE COMMENTS : ""			
PO NUMBER : "Email"			
	WEI-21	Al-LICP01	Si-LICP01
SAMPLE	Recvd Wt.	Al2O3avl	Rx SiO2
DESCRIPTION	kg	%	%
SJAC 002 0.0 - 0.5	2.6	27.7	3.9
SJAC 002 0.5 - 1.0	2.31	24.5	6.8
SJAC 002 1.0 - 1.5	2.5	22.4	9
SJAC 002 1.5 - 2.0	2.45	22.3	9.9
SJAC 002 2.0 - 2.5	2.57	22.9	9.9
SJAC 002 2.5 - 3.0	2.64	22.8	9.3
SJAC 003 0.0 - 0.5	2.59	32.7	3.9
SJAC 003 0.5 - 1.0	2.41	29.7	4.7
SJAC 003 1.0 - 1.5	2.53	25.8	6.3
SJAC 003 1.5 - 2.0	2.08	24.4	6.6
SJAC 003 2.0 - 2.5	2.74	24.8	7.6
SJAC 003 2.5 - 3.0	0.89	20.3	11.5
SJAC 003 3.0 - 3.5	Not Recvd		
SJAC 003 3.5 - 4.0	1.43	11.7	17.7
SJAC 003 4.0 - 4.5	2.63	7.8	20.2
SJAC 003 4.5 - 5.0	2.57	5.4	22.4
SJAC 004 0.0 - 0.5	2.37	30.1	4
SJAC 004 0.5 - 1.0	2.39	27.6	4.4
SJAC 004 1.0 - 1.5	2.4	24.3	6.1
SJAC 004 1.5 - 2.0	2.66	21.8	8.5
SJAC 004 2.0 - 2.5	2.32	18.6	11.4
SJAC 004 2.5 - 3.0	2.8	15.9	13.8
SJAC 005 0.0 - 0.5	2.16	28.5	7.4
SJAC 005 0.5 - 1.0	2.49	27.1	9
SJAC 005 1.0 - 1.5	2.48	21	12.8
SJAC 005 1.5 - 2.0	2.42	14.1	17.5
SJAC 005 2.0 - 2.5	2.61	9	22.7
SJAC 005 2.5 - 3.0	2.63	13.5	20.3
SJAC 006 1.0 - 1.5	2.45	21	5.3
SJAC 006 1.5 - 2.0	2.38	21	5.3
SJAC 006 2.0 - 2.5	2.66	19.4	6.3
SJAC 006 2.5 - 3.0	2.37	20	8.6
SJAC 008 0.0 - 0.5	2.33	19.9	11.9
SJAC 008 0.5 - 1.0	2.63	19.1	13
SJAC 008 1.0 - 1.5	2.45	14.9	16.6
SJAC 012 0.0 - 0.5	Not Recvd		
SJAC 012 0.5 - 1.0	Not Recvd		
SJAC 013 0.0 - 0.5	1.84	19.9	8.2
SJAC 014 0.5 - 1.0	1.97	25.3	4.2
SJAC 019 0.0 - 1.0	1.89	20.8	8.1
SJAC 019 1.0 - 2.0	2.56	19.3	10.7
SJAC 021 0.0 - 1.0	2.39	21.8	9.9
SJAC 023 0.0 - 1.0	2.37	27.7	5.9
SJAC 023 1.0 - 2.0	2.39	30.8	4.9
SJAC 023 2.0 - 3.0	2.52	26.6	7.7
SJAC 024 0.0 - 1.0	2.47	17.5	14.8
SJAC 024 2.0 - 3.0	2.66	17.7	15
SJAC 026 0.0 - 1.0	2.44	21.8	9.5
SJAC 027 0.0 - 1.0	2.63	19	6.9
SJAC 027 1.0 - 2.0	2.62	26.6	4.5
SJAC 027 2.0 - 3.0	2.62	22.7	6.1
SJAC 034 0.0 - 1.0	0.84	20	11.9
SJAC 034 1.0 - 2.0	2.54	18.3	13.9
SJAC 035 0.0 - 1.0	2.44	27.7	6.7
SJAC 036 0.0 - 1.0	1.24	26	7.6
SJAC 036 1.0 - 2.0	2.43	24.7	9.2
SJAC 037 0.0 - 1.0	1.81	21.7	8.5
SJAC 041 0.0 - 1.0	1.94	27.2	7
SJAC 041 1.0 - 2.0	1.88	30.8	5.5
SJAC 042 0.0 - 1.0	1.22	26.5	6.9
SJAC 042 1.0 - 2.0	1.63	28.7	7.1
SJAC 042 2.0 - 3.0	1.36	19.7	13.6
SJAC 043 0.0 - 1.0	1.74	26	8.1
SJAC 043 1.0 - 2.0	2.54	26.8	8.5
SJAC 045 0.0 - 1.0	2.54	25.3	6.5
SJAC 045 1.0 - 2.0	2.67	27.3	6.2
SJAC 047 0.0 - 1.0	1.79	24.9	9
SJAC 047 1.0 - 2.0	2.11	26.1	8.7
SJAC 048 0.0 - 1.0	2.2	16.9	9
SJAC 048 1.0 - 2.0	2.43	20.5	7.8
SJAC 052 0.0 - 1.0	1.71	29.4	2.9
SJAC 052 1.0 - 2.0	1.85	31.7	1.8
SJAC 052 2.0 - 3.0	2.13	29.4	1.9
SJAC 054 2.0 - 3.0	2.59	20	9.3
SJAC 004 3.0 - 3.5 Extra	2.39	15.7	14.8
SJAC 004 3.5 - 4.0 Extra	2.77	13.5	16.7

TABLE 3

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Queensland Bauxite Limited

Exploration Target Statement

An exploration target of 300 million tonnes in the South Johnstone area has been identified. The parameters used to make the target calculations are based on the company's 60-hole drilling program which also defined an inferred resource of 30 million tonnes within the larger target area. The calculations are shown in the following tables.

SOUTH JOHNSTONE EXPLORATION TARGET PARAMETERS							
Case	Area	Success Rate	Prospective Area	Thickness	Volume	Density	Tonnage
	km2	percent	km2	m	million m3	dry wt/m3	m tonnes
MIN	252.61	37%	93	1.3	120	1.6	193
AVERAGE	252.61	37%	93	1.8	167	1.8	300
MAX	252.61	37%	93	2.3	213	1.9	405

SOUTH JOHNSTONE EXPLORATION GRADE PARAMETERS		
(Based on 60-hole program)	%Al2O3	%SiO2
Average Grade	25.2	6.9
Top of Range	31.7	1.9
Cut-off Grade	20	10

This is a conceptual exploration target based on knowledge that bauxite mineralisation has developed as a thin surface layer on the Atherton Basalt lava flows as demonstrated by Company's 60-hole drilling program. The model parameters were determined as follows:

1. The area on which bauxite mineralisation is known to develop as a weathering horizon (the Atherton Basalt) has an area of 192 km2 within EPM 18463.
2. It is assumed that approximately a third of the holes drilled into the Atherton Basalt target will be successful based on the Company's 60-hole program of which 22 were successful. This gives a discount factor of 37% which must be applied to the area of the Atherton Basalt within EPM 18463.
3. The bauxite resource drilled by the company has an average thickness of 1.8 m based on the 60-hole drilling program and it is also assumed that it may vary from the average by about 0.5m giving a range of 1.3 to 2.3m. This assumption has been extrapolated over the total area of the Atherton Basalt to calculate the exploration target.
4. Bauxite density is conservatively assumed to be around 1.8 within a range of 1.6 to 1.9. This is reasonable range based on work carried out by other companies.
5. The average grade calculation was based on 76 samples drilled and analysed giving 25.2% available Al2O3 and 6.9% reactive SiO2 within a range of values from the cut-off grade of 20% available Al2O3 and 10%

reactive SiO2 and the maximum value encountered in the drilling to date of 31.7% available Al2O3 and 1.9% reactive SiO2.

The potential quality and grade of the company's exploration target is conceptual in nature, that there has been insufficient information to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a mineral resource

Proposed Exploration

The following exploration is proposed to test the validity of the exploration target and these activities are expected to be completed within the 2014 field season

1. A low-cost shallow auger drilling program on an initial grid of 400 sq m within the 250 sq km Atherton Basalt target area is proposed to define the surface extent and continuity of the bauxite mineralisation within this area. Approximately 1600 holes will be drilled into the weathered blanket overlying the Atherton Basalt to an initial depth of 2 to 3 meters with samples collected at 0.5 metre intervals.
2. Samples will be geologically logged, photographed and analysed with a hand-held XRF analyser. Samples showing elevated total alumina and lower total silica (i.e. prospective bauxites) will be sent to ALS, Brisbane for low temperature leach testing.

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QBL Acquires Strategic Stake in NSW Gibbsitic Bauxite Province

The Company has acquired a significant portion of a known gibbsitic bauxite province in the Nullamana region of Inverell in northern New South Wales.

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

The Company has entered into an agreement to acquire 50% of exploration licence EL 7301 in New South Wales.

EL 7301 is owned 50% by First State Pty Ltd, a local independent investment company, and the remaining 50% is owned by Plateau Bauxite Ltd (PLB), a public unlisted company, that has already spent in excess of $3 million in bauxite exploration on EL7301 which has earned Plateau Bauxite the right to its 50% of the tenement.

QBL has agreed to purchase First State's 50% interest in the tenement and will have clear and unencumbered title with the issue of 37.5 million ordinary shares in the Company and 30 million options; 10 million options with an exercise price of $0.08, 10 million options at an exercise price of $0.10, 5 million options at an exercise price of $0.15, and 5 million options at an exercise price of $0.20.

Since the Indonesian ban came into effect in January, which has reinvigorated the bauxite market, the directors of QBL have been negotiating with First State to acquire its interest in EL7301, and are pleased to have come to an agreement that the directors believe is of good strategic value to QBL and in line with the vision of becoming a major emerging force in the bauxite market.

With continuing forecast strong demand for bauxite as well as a result of the Indonesian ban on bauxite export that came into effect in January, the Company is looking to increase its portfolio of strategic bauxite projects at the right price. This acquisition fits the criteria.

A standard JV will be entered into between QBL and Plateau Bauxite for the future operation of the tenement.

Three drilling programs were carried out between 2010 and 2011 with the completion of 8 Calweld holes and 124 aircore holes. These and further exploration results to date, are being prepared in a report in accordance with the JORC Code 2012 and will be released to the market as soon as the report is completed.

The project is close to infrastructure such as road and rail networks that lead to major east coast deep water ports, pools of labour and services and power.

Neighbouring Tenement Owners

The Company has been in discussion with the owners of tenements in the same area as EL7301. One of these tenements have already been reported to ASX by the listed ABX as containing over 40 million tonnes of bauxite in 2011. (The following JORC 2004 compliant report was released to ASX: 08/05/2012 ASX announcement - Inverell Resource Grade Improvement – 38 million tonnes resource. 17.5mt inferred (31%Al2O3, 4.2%Rx SiO2) and 20.5mt indicated (32% Al2O3, 4.0%Rx SiO2).

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

<u>Air Core Drilling Parameters and Program Details</u>

Based on previous campaigns, the following parameters will be used for future programs within EL7301:

1. Drill hole spacing of 400 metres or 800 metres.
2. Average drill hole depth = 10m.
3. Sample interval = 0.5m approx.. 3kg sample weight collected in calico bag
4. Hand held XRF analyses
5. Selected samples analyzed for available alumina and reactive silica percentages.

The following field programs are proposed.

1. Nullamanna west – 25 holes
2. Central Nullamanna infill program – 40 holes (assuming successful landholder negotiations)
3. Nullamanna northeast – 50 holes
4. Nullamanna east – 50 holes

5. Nullamanna south – 100 holes

That is a total of 265 holes drilled as defined above.

The results of this work will be used to define JORC Code compliant bauxite resources within E.L.7301 and then these results will be used for preliminary mining and processing economics.

The above programme is estimated to cost approximately $200,000.

Further Information

The transaction is only conditional on the issue of the shares and options as per above, following which the 50% interest is vested immediately in QBL. Other than the issue of these shares, any material effect on the company's assets is unknown as no valuations have been made either on this asset or on the company's current assets. The directors believe that this transaction represents a good value acquisition taking into account current market dynamics. The Company does not have any current plans to raise any further funds in conjunction with this transaction and this transaction is not dependent upon any further raisings. There are no annual expenditure commitments that the Company has in relation to this transaction other than the ongoing annual required expenditure of the NSW Department which is $104,000 and which would be covered by the abovementioned drilling program.

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 we believe will add value as well will be attractive to major international bauxite partners and continues to build on its strong position ahead of predicted rises in bauxite prices.

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Gold Projects

The Company currently has one gold project in Australia, the Pilbara Gold Project in the south-west Pilbara. The Company is currently seeking partners for the development of this project.

Agreement with Regius Coal Mining Limited

As previously advised, the Company signed a binding agreement with Australian unlisted public company, Regius Coal Mining Limited (**Regius Coal**) to have the right to earn up to 51% of Regius Coal Pty Ltd (**Regius**), the subsidiary company of Regius Coal. Regius' assets include agreements over seven highly prospective coal projects in Mozambique. They include agreements over licenses 4070L, 4169L, 2232L, 4185L and applications for licenses 5038L, 5084L and 5085L. Current effective ownership of Regius of these licenses are 80% of 4070L, a right to acquire an initial 20% and to earn up to 85% of 4169L, a current interest of 20% over 2232L, 70% over 4185L and existing interests of 5%-20% on the applications. Regius has option agreements to earn further interests in these projects as set out in the annexure.

QBL has the option for an expenditure of $750,000 prior to October 2014 to earn a 35% shareholding in Regius, and an option to earn up to an additional 16% pro rata for additional expenditure of up to $1.2M prior to April 2016 to earn up to a 51% interest in Regius.

Both QBL and Regius look forward to working together in developing these assets in this highly prospective coal bearing region.

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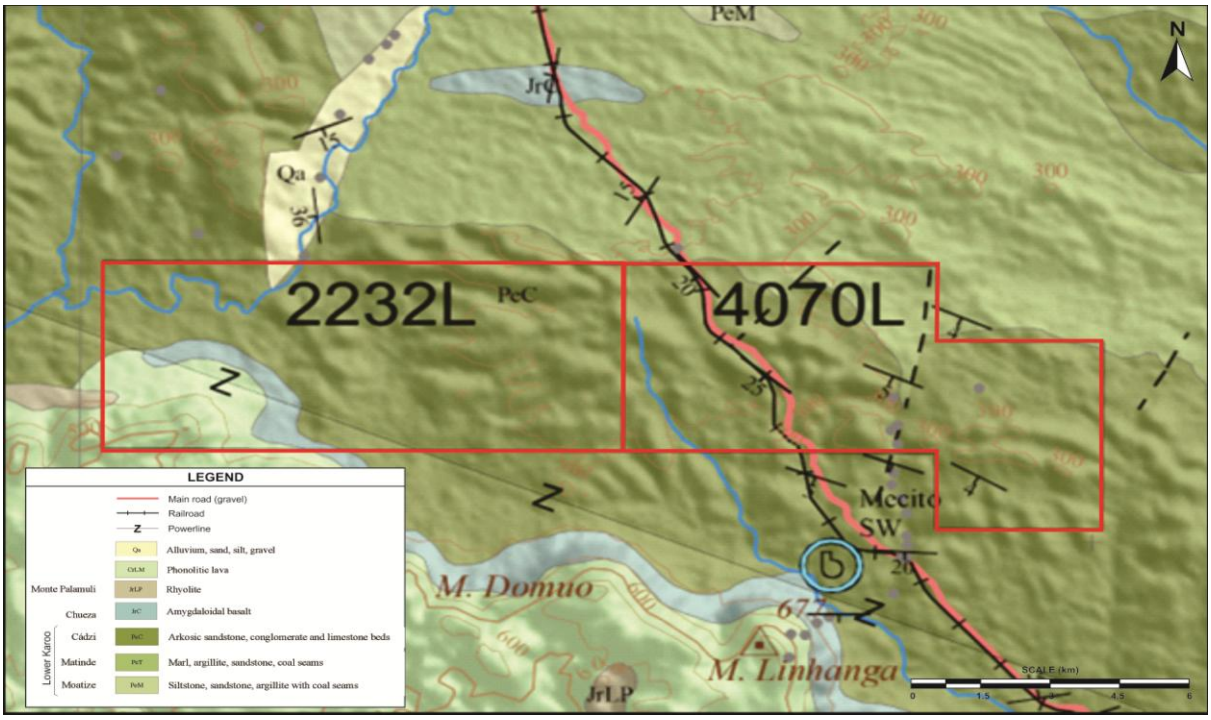
Current tenement holdings

Tenement reference	Nature of interest	Location	Interest
EPM 18463 South Johnston Bauxite	Owned by QBL	North Queensland	100%
EL7301 New England Bauxite	Purchase agreement in place	Northern NSW	50%
E47/1153 Rocklea Gold	Gold Mineralisation Rights owned by QBL	WA	100%
4070L Mozambique Coal	QBL earning up to 51% in Regius Coal (**RC**). Regius Coal is earning An interest in this Project as detailed earlier in the Quarterly Activity Report	Mozambique	80% owned by RC
4169L Mozambique Coal	same	Mozambique	RC right to earn up to 85%
2232L Mozambique Coal	same	Mozambique	RC 20% right to earn up to 80%
4185L Mozambique Coal	same	Mozambique	70% owned by RC
Application 5038L Mozambique Coal	same	Mozambique	RC 5% right to earn up to 80%
Application 5084L Mozambique Coal	same	Mozambique	RC 20% right to earn up to 80%
Application 5085L Mozambique Coal	same	Mozambique	RC 5% right to earn up to 80%

Appendix 1 – License Summary

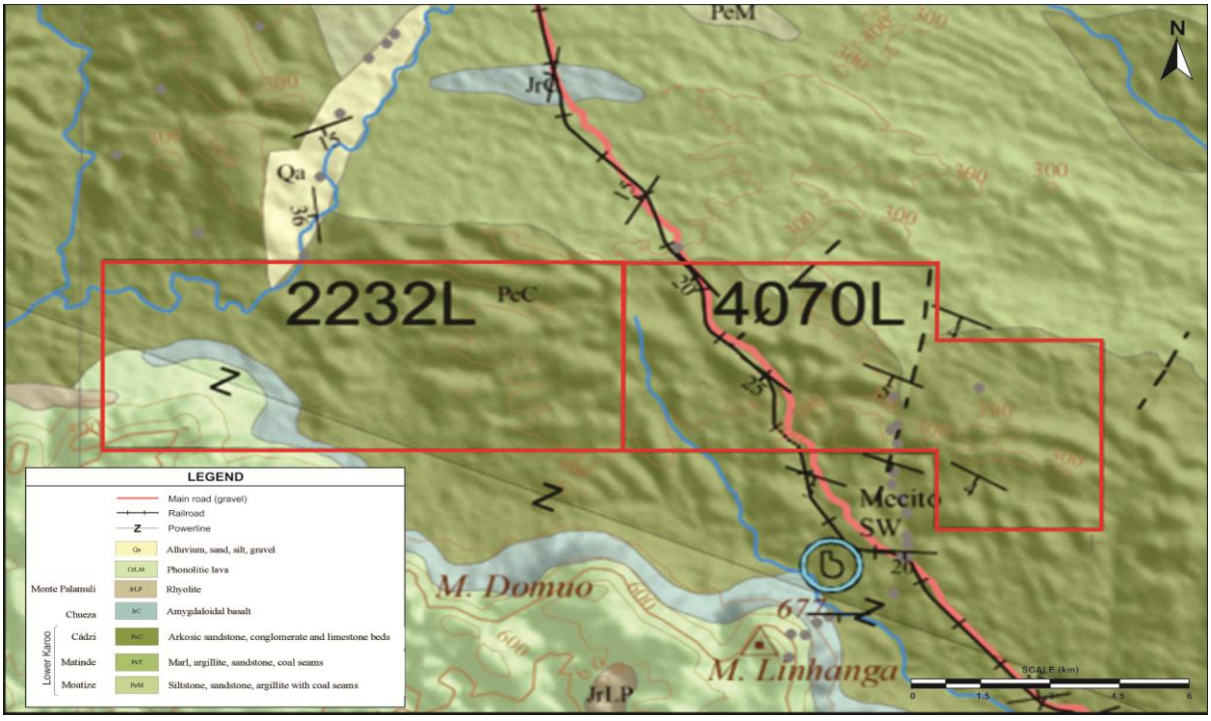
License	4070L
About	■ Located 70km Southeast of Tete in the Moatize-Minjova sub-basin ■ 5,000 ha underlain with Lower Karoo sediments ■ Adjacent to Rio Tinto eastern licenses ■ Matinde formation and 3m coal outcrop in northeast of 4070L, interpreted to be shallow dipping (<5deg) ■ Sena Railway to Beira transects 4070L with derelict sidings present on license area
Status	Granted
Existing Interest	80%
Nature of Interest	Regius Coal is the legal and beneficial owner of 80% of the shares on issue in Extra Minerais Lda, the company holding license number 4070L
Other Shareholders in Extra Minerais Lda	20% of shares in Extra Minerais Lda are held by Mr. Carlos Venichand
Final Payments Required in relation to the Existing Interest of 80%[1]	US$900,000
Performance Payments	Nil

1. The Final payment of US$900,000 relates to the acquisition of 80% of the shares in Extra Minerais Lda from Mr. Carlos Venichand, the holder of license 4070L. There is no final agreed date for payment of this amount, although interest accrues and is payable on amounts outstanding at a rate of 5% above the 6 month LIBOR. Regius Coal has pre-paid interest to the vendor to the sum of US$300,000. Despite the Final Payment not yet being paid by Regius Coal, Regius Coal is the still the existing holder of an 80% interest in Extra Minerais Lda and subsequently an 80% interest holder in license 4070L.



License	2232L
About	■ Located 70km Southeast of Tete in the Moatize-Minjova sub-basin ■ Adjacent to Rio Tinto eastern licenses ■ 5,000 ha, majority underlain with Lower Karoo sediments
Status	Granted
Existing Interest	20%
Rights to Acquire	80%
Additional Payments Required in relation to the Existing Interest of 20%	US$225,000 payable in June 2013* US$338,250 payable end of February 2014
Conditional Purchase Price for Additional 60% equity (can acquire further 60% equity if either of the minimum thresholds are met)	Thermal Coal JORC Inferred Resource - US$2m + US$0.005/t over 100Mt up to a maximum additional US$3m Coking Coal JORC Reserve - US$10m for min 50Mt + US$0.06/t up to a maximum additional US$5m

*Regius Coal is in discussion with the vendors of this license to defer this payment until the license is further reviewed by QBL's geologists for its development potential.



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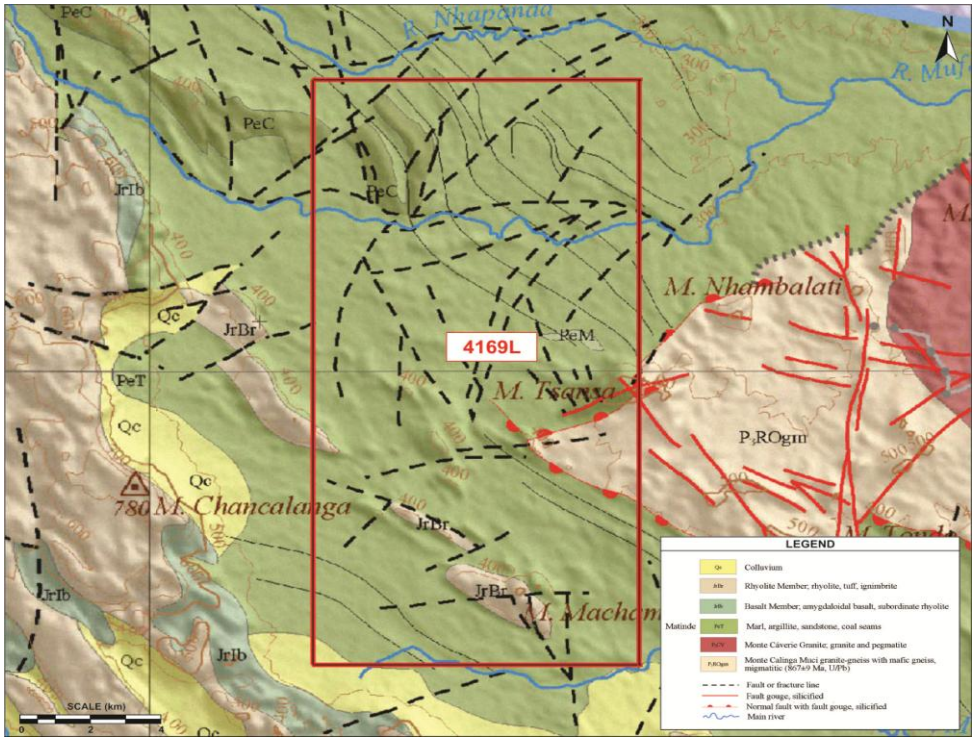
License	4169L
About	■ License previously held by Riversdale (Rio Tinto) ■ 17,000ha in size, 95% underlain with Lower Karoo sediments ■ In Joint Venture/earn in with SPI – Gestão e Participações, S.A.R.L("SPI") Mozambican government investment company ■ Borders license 5038L to the east 30-50km south of ENRC Estima & Jindal ■ Basin very well developed in the Northern section
Status	Granted
Existing Interest	Management control over the project, and right to acquire an initial 20% interest through the payment of US$750,000[1] to SPI
Nature of Interest	Regius Coal has entered a binding agreement to acquire 20% of the shares on issue in Massimbe S.A, the company holding license 4169L through the payment of US$750,000
Other Shareholders in Massimbe S.A.	3 Mozambican Companies: SPI – Gestão e Participações, S.A.R.L, Touch Publicidade, S.A & Nduku Investimentos, S.A
Payment Required to acquire an initial 20% interest	US$750,000[1]
Rights to Acquire up to	85%
Earn In & Performance Payments in relation to moving to an 85% interest	$1m upon proving 100Mt Thermal Coal JORC Inferred Resource $4m upon Resource upgrade to 100Mt min Thermal JORC Indicated to acquire a further 15% further equity. $20m upon JORC Coal Reserve of minimum 100Mt (30% further equity) Final equity (20%) can be bought at commercial value less 10% discount following proving a JORC Reserve of minimum 450Mt. Coking Coal JORC Reserve - additional payment of $0.05 per ton of JORC Coking Coal Reserves up to $10m maximum (payments to Mozambican minority shareholders for all JORC compliant Coking Coal Reserves a defined on license 4169L)

Queensland Bauxite Limited



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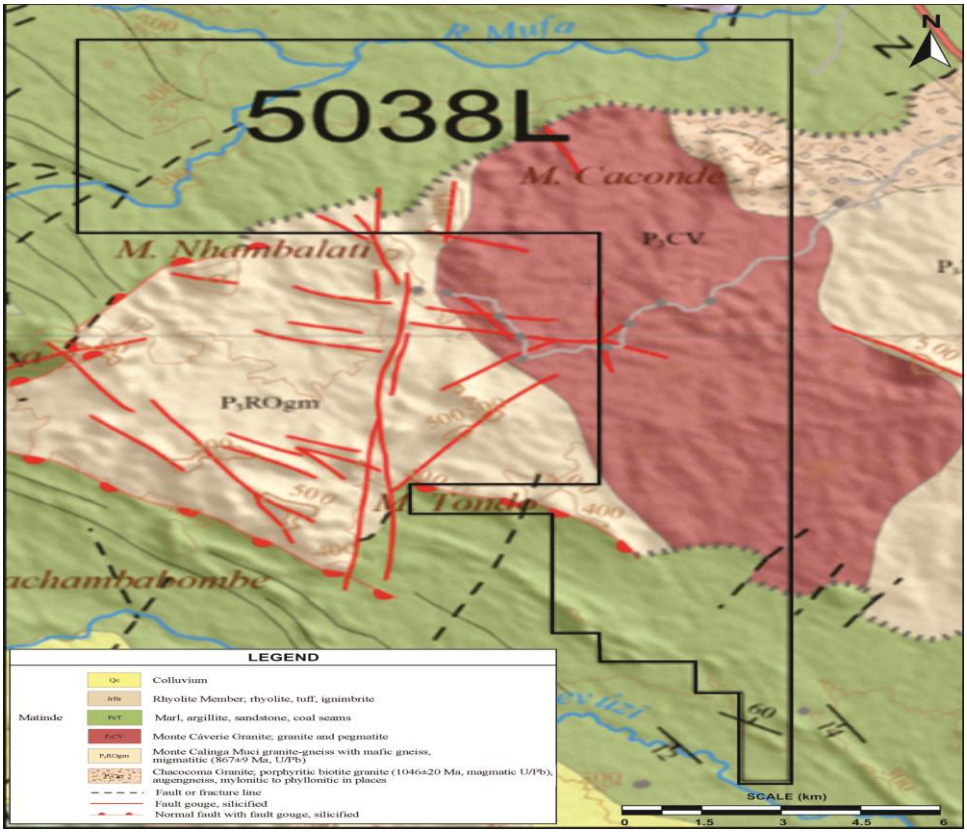
Queensland Bauxite Limited

License	5038L
About	■ Located <50km west of Tete in the Sanangoe-Mefideze sub-basin & RIO's Benga project ■ 30km south of JINDAL's +1200Mt project and 50km south of ENRC's +1Bt Estima project ■ 14,380ha in total, of which 7,400ha underlain with Lower Karoo ■ 6 coal seams in Sanangoe-Mefideze sub-basin. Lower seam correlates with Chipanga seam of Moatize area.
Status	Application
Existing Interest	5%
Rights to Acquire	Up to 80%
Additional Payments Required to acquire an 80% interest	$130,000 within 7 business days from issuance of license 5085L $435,009.25 payable upon executing the definitive sale agreements which should occur within 6 months from date of final license issued
Performance Payments subject to acquiring an 80% interest	Thermal Coal JORC Reserve - US$0.0025/t for a minimum 100Mt JORC compliant reserve up to a maximum of US$2m Coking Coal JORC Reserve - US$10m for minimum 100Mt + US$0.05/t over 100Mt to maximum additional US$3m



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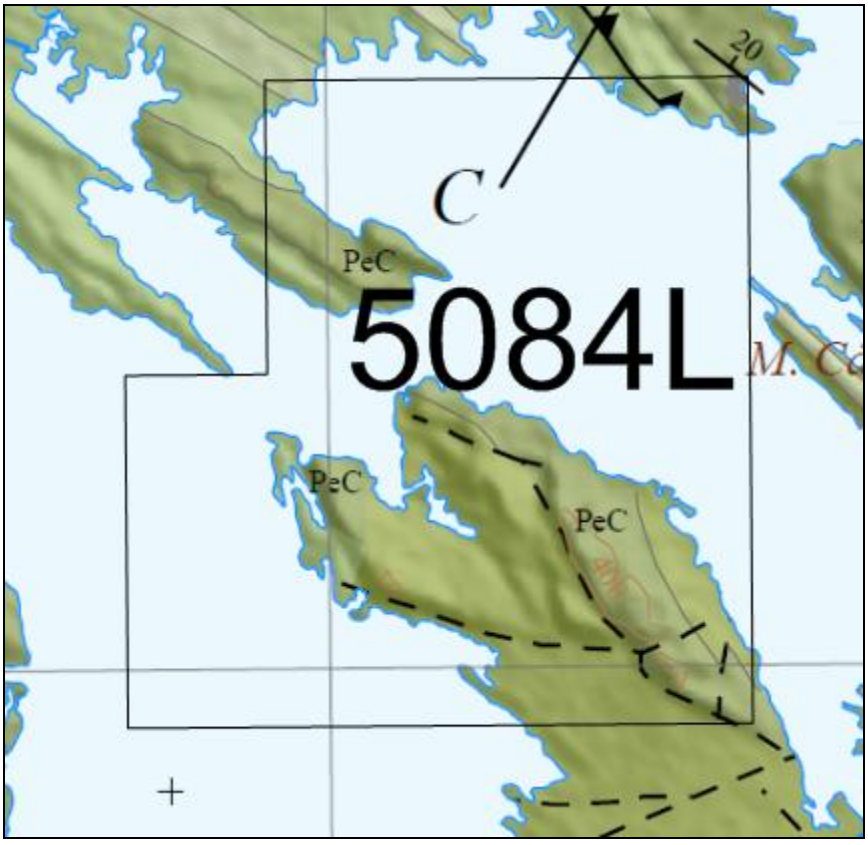
License	5084L
About	■ Located 250km northwest of Tete on the Cahora Bassa dam in the Mecanha-Vuzi sub-basin. ■ 8,860 ha in total of which 2,650 ha underlain with Lower Karoo sediments. ■ Bordering and opposite ENRC North Shore concessions. ■ Portuguese proved coal in western Cahora Bassa area when planning the dam.
Status	Application
Existing Interest	20%
Rights to Acquire	80%
Additional Payments Required to acquire an 80% interest	$50,000 within 7 business days from issuance of license 5084L $167,311.25 payable upon executing the definitive sale agreements which should be within 6 months from date of final license issued
Performance Payments subject to acquiring an 80% interest in MEDC Lda	Thermal Coal JORC Reserve - US$0.0025/t for a minimum 100Mt JORC compliant reserve up to a maximum of US$2m Coking Coal JORC Reserve - US$4m for minimum 50Mt + US$0.05/t over 50Mt to maximum additional US$3m



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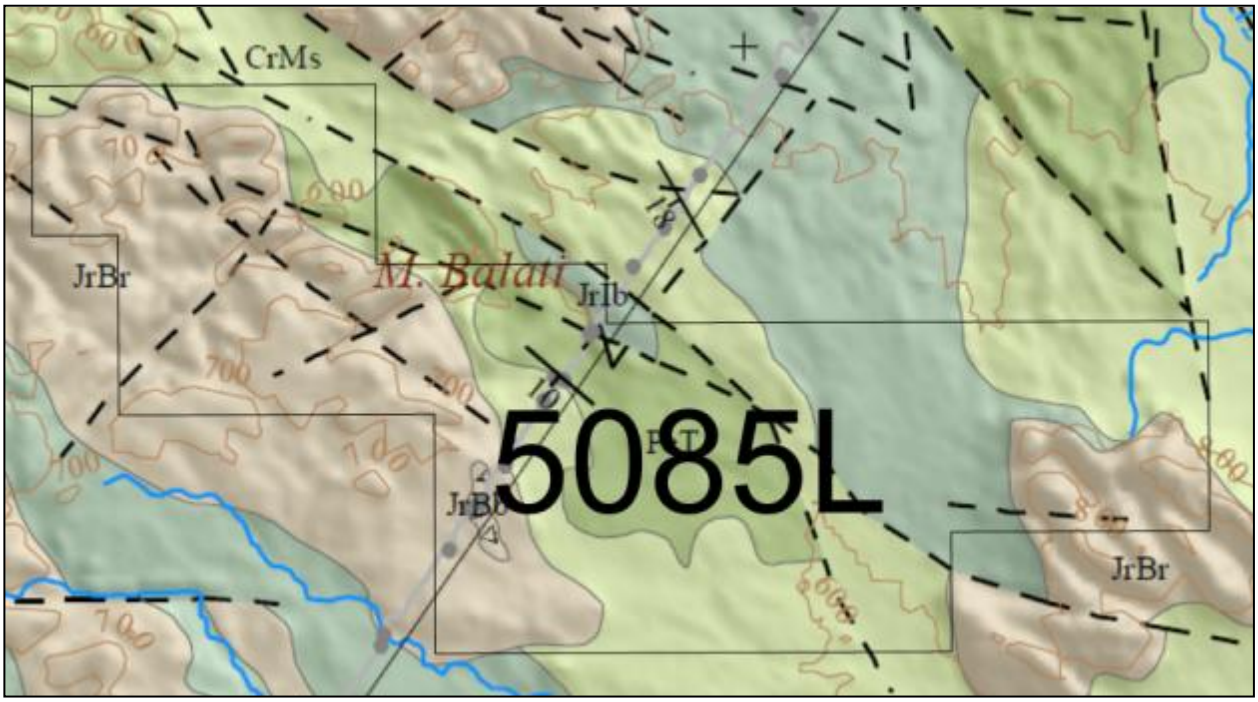
License	5085L
About	■ 160km West of Tete. 7,940 ha in total of which 1,700 ha underlain with Lower Karoo.
Status	Application
Existing Interest	5%
Rights to Acquire	80%
Additional Payments Required to acquire an 80% interest	$20,000 within 7 business days from issuance of license 5085L $66,924.50 payable upon executing the definitive sale agreements which should be within 6 months from date of final license issued
Performance Payments subject to acquiring an 80% interest in MEDC Lda	Thermal Coal JORC Reserve - US$0.0025/t for a minimum 100Mt JORC compliant reserve up to a maximum of US$2m Coking Coal JORC Reserve - US$4m for minimum 50Mt + US$0.05/t over 50Mt to maximum additional US$3m



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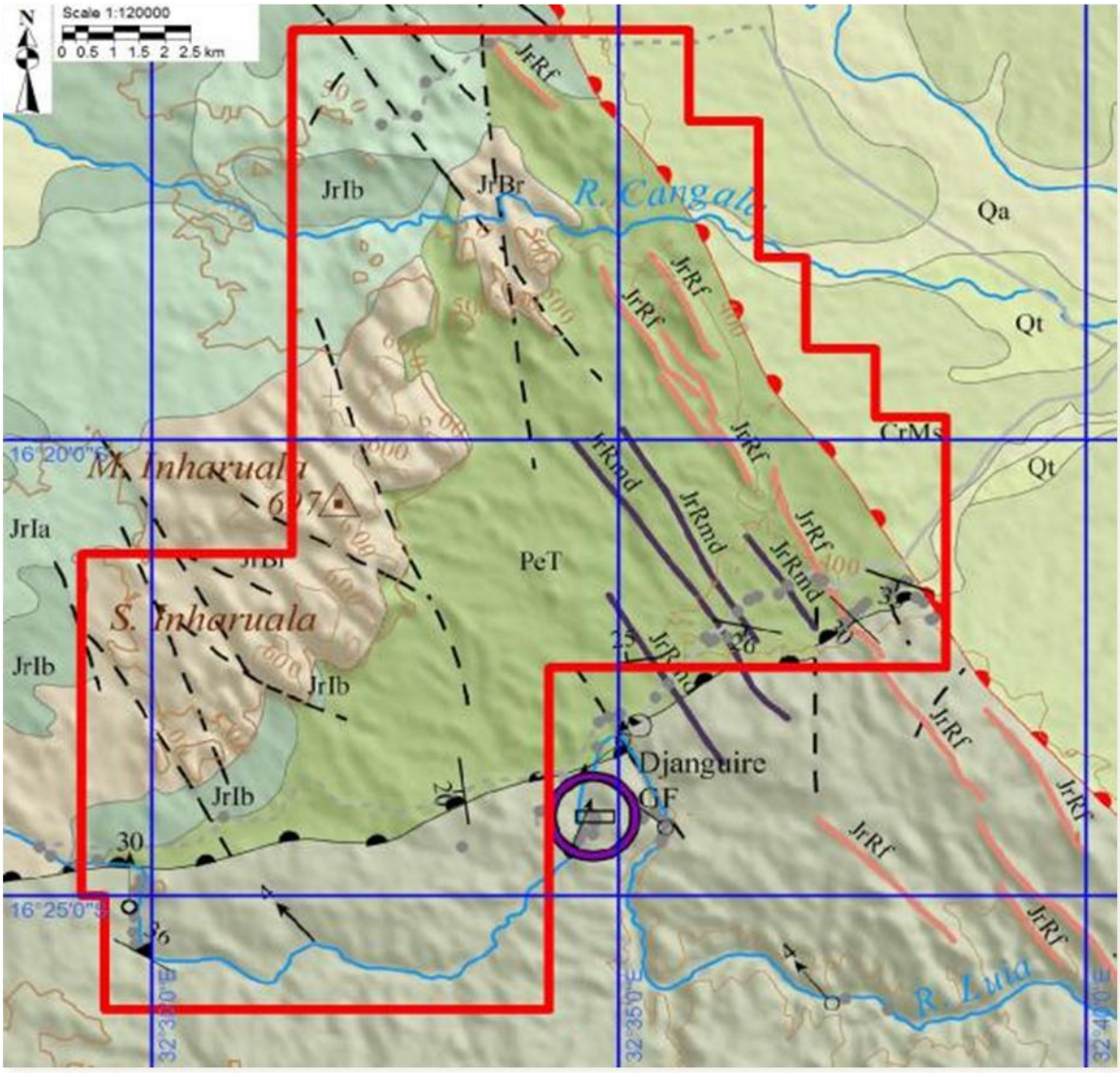
License	4185L
About	■ Acquired through competitive government tender in 2010 ■ 10,870ha underlain with Lower Karoo
Status	Granted
Existing Interest	70%
Rights to Acquire	70%
Additional Payments Required	Nil
Performance Payments	Nil



About the Zambezi Basin and Mozambique

The Mozambican coal region, in which the Regius Portfolio is situated, is considered to be ***one of the largest underdeveloped coal basins in the world***. As a result of the strong prospectivity of the region and large-scale discoveries, most major coal areas in the Tete province have been allocated for exploration to various local and international companies.
Discovered coal deposits held by other companies in the Mozambique basins total in the order of 22 billion tonnes (based on publicly disclosed reports of inferred, indicated and measured mineral resources of high and low grade thermal coal and metallurgical coking coal) with companies having publicly proposed plans for collective production of circa 55 million tonnes per annum by around 2025.[2]

The attractiveness of the Zambezi Coal Basin is due largely to a number of key factors:

- **Large Scale of Coal Deposits**: 22 billion tonnes of coal has already been discovered with exploration activity still at an early stage and further resources to be proven in coming years;
- **Presence of Hard Coking Coal**: Typical Zambezi Basin Coking Coal - CSR 64, CSN#9, Vol: 25%, 10.5% ash. Low Alkali & Aluminium in Ash - favourable for steel producers;
- **High Value Secondary Product**: large quantities of export quality thermal coal of 6,000kcal to add to profitability of mines in Mozambique;
- **Low Cost of Mining**: Strip ratios in the Zambezi Coal Basin are very low and overall mining costs are expected to be substantially less than its peers in Australia and Canada, making the margins more favourable in exporting both coking and thermal coal;
- **Access to Asian Markets**: Mozambique has excellent export routes (through new and existing ports) to the rapidly growing Indian and Chinese coal markets.

Infrastructure development plans being implemented for the Zambezi coal basin have been reported as follows (also see Figure 6 below):

- **Upgrade of Sena Railway line**: In process of being upgraded to 6Mtpa by end of 2013 moving to 20Mtpa by 2020. The Sena rail line transects Licence 4070L. License 4169L is located approximately 50km from the Sena rail line. Beira port to be dredged to handle larger vessels and new bulk terminal being developed;
- **New Macuse Railway Line & Port**: Tenders have been submitted by companies to develop a new railway line to the port of Macuse, <100km North of the Zambezi river

[2] All references to coal Resources are based on publicly disclosed reports of inferred, indicated and measured mineral resources of high and low grade thermal coal and metallurgical coking coal. All production plans stated above are based on publicly disclosed reports and presentations by the following companies: Vale, Rio Tinto, ENRC, Beacon Hill Resources and Jindal

mouth. Shortest export route of 480km. Initial capacity of 20Mtpa by 2015/2016. Macuse port to be able to handle Capesize vessels;

- **Upgrade of Nacala Railway Line (via Malawi)**: Vale spending up to US$6 billion to develop the Nacala railway line and port to export 40Mtpa by 2015, with potential further upgrades thereafter; and
- **New Railway line to Nacala (in Mozambique around southern point of Malawi)**: ENRC are developing a new railway line to serve their 1.4 billion tonne Estima project which will also be available to other companies in the region. Initial capacity of 40Mtpa by 2016 with upgrades up to 100Mtpa thereafter.

Figure 6: Mozambique Key Infrastructure Map

All of Regius' Licenses are considered to be prospective for coal with the proposed exploration and potential development over the short to medium term to coincide

with the large scale infrastructure upgrades and developments for the Zambezi coal basin. [3]

The Regius Licenses are underlain with Lower Karoo sediments in which coal has historically been found in the Zambezi basin in Mozambique. A coal outcrop of 3m was found in the North West corner of license 4070L dipping 5deg to the Southwest. Infrastructure developments currently being undertaken by Vale and ENRC and through a public tender for a new railway and Port to Macuse are estimated to be completed within the next 3-5 years. Statements relating to the proposed infrastructure upgrades are based upon information received by Regius Coal from the Department of Transport of Mozambique and upon publically disclosed reports.

Corporate

QBL's cash position as at 30th June 2014 was $4.110 million.

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

Sholom Feldman
Executive Director
E: sfeldman@queenslandbauxite.com.au
Web: www.queenslandbauxite.com.au

Consents

Competent Persons Statement

The information in this report that relates to exploration results, exploration targets, 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 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 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.

[3] Statements regarding the prospectivity of the Regius Coal's licenses are based upon independent geological reports by Regius Coal's Competent Person Mr. Peet Meyer and as reviewed by QBL's geologists.

1Rule 5.3

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")

30 June 2014

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (9 months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	-141	-611
	(b) development		
	(c) production		
	(d) administration	-67	-601
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	41	162
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	-167	-1,050
	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)		
	Loan to Regius	-9	-507
	Net investing cash flows	-9	-507
1.13	Total operating and investing cash flows (carried forward)		
1.13	Total operating and investing cash flows (brought forward)	-176	-1557

+ See chapter 19 for defined terms.

	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	125	325
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	125	325
	Net increase (decrease) in cash held	-51	-1232
1.20	Cash at beginning of quarter/year to date	4161	5342
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	4110	4110

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	**-101**
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

Financing facilities available

Add notes as necessary for an understanding of the position.

Amount available $A'000	Amount used $A'000

+ See chapter 19 for defined terms.

3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	300
4.2	Development	
4.3	Production	
4.4	Administration	150
	Total	**450**

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	4110	4161
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	4110	4161

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				
6.2	Interests in mining tenements acquired or increased	EL 7301 New England Bauxite	Agreement to acquire 50% direct interest	NIL	Agreement to acquire 50%

+ See chapter 19 for defined terms.

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** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	414,496,814	414,496,814		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	114,633,622	114,633,622		
7.5	**+Convertible debt securities** (*description)*	See 7.6			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	a) 28,750 $1 convertible notes, b) 90,000,000 all converted		a) at 17.25% discount to market b) $1.8M at a 2c conversion price	

+ See chapter 19 for defined terms.

7.7	**Options** *(description and conversion factor)*	Options 65,000,000 1,000,000 Performance Options 1,000,000 Performance Options 1,000,000 Options 12,500,000 Options 90,000,000	 Nil Nil Nil Nil Nil Nil	*Exercise price* *$0.05* *$0.25* *$0.35* *$0.45* *$0.03* *$0.03*	*Expiry date* *31/12/2015* *31/12/2015* *31/12/2015* *31/12/2015* *02/07/2016* *11/11/2016*
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	5,000,000	NIL	$0.25	30/06/2014
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ 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: 31st July 2014
(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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