

25<sup>th</sup> February 2016

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## UPDATE ON QUEENSLAND BAUXITE LIMITED (“QBL”)

- **South Johnstone Project Update**
- **New Significant Infrastructure Plans for our NSW Bauxite Project**

### South Johnstone Project Update

Queensland Bauxite Limited (ASX: QBL, or the “Company”) is pleased to confirm that the Queensland Department of Natural Resources and Mines (DNRM) are in the final stages of assessing the Company’s application for a Minerals Development Licence (MDL) for QBL’s flagship South Johnstone Bauxite project in Northern Queensland.

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

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

Although the application process has taken longer than the Company had originally anticipated, we are cognisant of the fact that the legal mining regime in Queensland is of the most respected in the world, and is what makes Queensland competitive internationally as a mining state due to the international respect of the legal stability of the mining laws as administered by the professional experts at the DNRM, and as such we need to respect the thoroughness of the process.

The bauxite mineralisation at South Johnstone being close to surface and right off the main highway adjacent to port, close to the Asian markets, means that the Company’s capital and operational costs are estimated to be of the lowest cost producers in the world. As previously reported in the Company’s released scoping study, capital expenditure is expected to be only approximately \$5 million, and operating expenditure is expected to be only AUD\$20.87 per tonne FOB Mourilyan Harbour. For the full summary of the scoping study please see the announcement released by the Company on 29 December 2014 and can be accessed using the following link:

<http://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&idsId=01588588>

The Company also aims to be the first junior exporter of bauxite in Australia.

The operational results from the working of the MDL will be a key part of the overall strategy to develop an export operation in a staged development of South Johnstone that allows for long term mining and export on a prospect by prospect basis at low cost within the entire project area.

The Company looks forward to receiving further information regarding the MDL. An MDL grant would help the Company to determine its ability to enter into the large international bauxite market in the short term, apply for larger ML’s throughout the project area, and to generate positive net cash flows in the near term.

### Infrastructure Plans Upgrade bauxite NSW

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

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

AID is an Australian company, founded to develop and commercialise Australian market driven freight infrastructure projects. AID proposes to build a national freight infrastructure network as the platform for growth and other market driven related services.

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

The proposed AID rail to port project proposes to introduce

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

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

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

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

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



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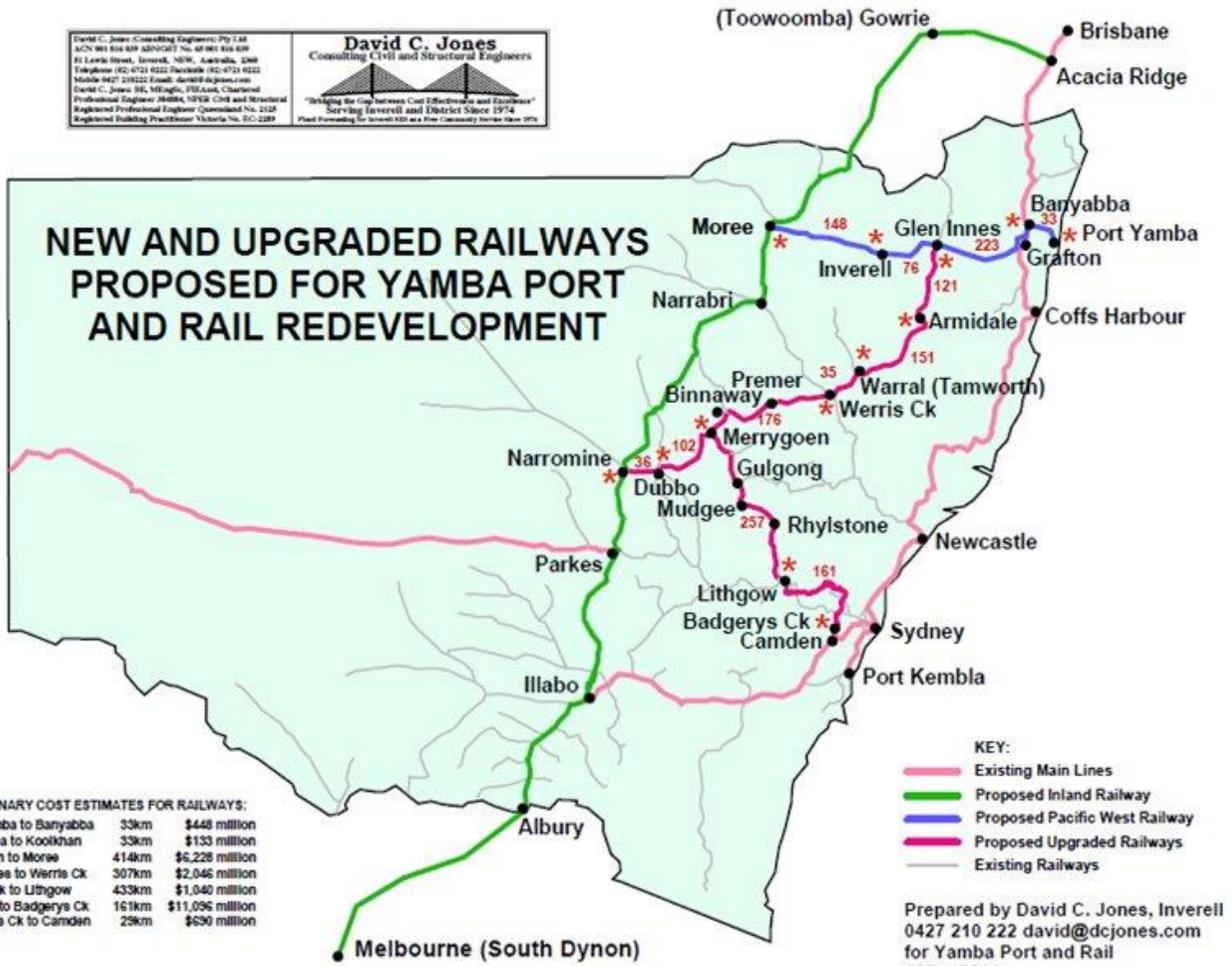


[www.twitter.com/QLDBauxite](http://www.twitter.com/QLDBauxite)

#### **About Queensland Bauxite**

Queensland Bauxite Ltd is an Australian listed company focused on the exploration and development of its bauxite tenements in Queensland and New South Wales. The Company's lead project is the South Johnstone Bauxite Deposit in northern Queensland which has rail running through the project area and is approximately 15-24 kilometres from the nearest deep water port. The Company intends to become a bauxite producer with a focus on commencing production at South Johnstone as early as possible.

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Queensland Bauxite Limited

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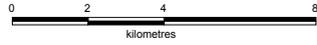
Author: R.Coenraads

Office:

Drawing:

Scale: 1:200000

Projection: MGA Zone 56 (GDA 94)



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

