

30th October 2015

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QUEENSLAND BAUXITE TO INCREASE STRATEGIC STAKE IN NSW BAUXITE PROVINCE

- **QBL to increase its interest in key mineralisation in regionally strategic NSW bauxite project – with significant large scale bauxite mineralisation already identified**
- **In discussions with neighbouring tenement owners for medium term large scale development**
- **South Johnstone project remains main focus for short term production**

The Board of Queensland Bauxite Limited (ASX:QBL) (“QBL” or “the Company”) is pleased to announce that the Company intends to offer to acquire an increased stake in its already 50% owned bauxite tenement EL7301, which contains a large 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 intends to offer to purchase up to an additional 31% interest in exploration licence (EL 7301) in New South Wales to potentially bring the Company’s interest up to 81% of the tenement.

Background to the acquisition

EL7301 is currently held in joint venture 50% by QBL and 50% by Plateau Bauxite Limited (PLB), a public unlisted company. Plateau Bauxite has already spent in excess of \$3 million in bauxite exploration on EL7301.

QBL intends to offer up to a total of 29 million shares in QBL for up to a further 31% beneficial interest in EL7301. There is no guarantee that all or any of the shareholders in EL7301 will accept the offer, but discussions to date seem to indicate that many if not all shareholders will accept an offer from QBL for shares in QBL for their relevant interest in EL7301.

QBL intends to offer to purchase either the shares of the independent shareholders in PLB, or the shares to be held by those shareholders in a special purpose company to be set up to hold the beneficial interest in EL7301. The directors believe that an increase of ownership in this valuable tenement is of good strategic value to QBL and in line with the Company’s vision of becoming a major emerging force in the bauxite market for the long term. With continuing forecasted strong demand for bauxite as well as a result of the Indonesian ban on bauxite exports, the Company is looking to increase its portfolio of strategic bauxite projects at the right price. This acquisition fits the criteria.

Although the purchase is not from related parties to QBL, nevertheless, the issue of these securities is intended to be presented to shareholders for approval in accordance with ASX Listing Rule 7.1.

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 11th July 2014 and can be accessed at the following link:

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

Neighbouring Tenement Owners

The Company has been in discussion with the owner of tenements in the same area as EL7301. One of these tenements has already been reported to ASX in May 2012 by Australian Bauxite Limited (ASX:ABX) as containing 38 million tonnes of bauxite¹.

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

Further Information

The transaction is conditional on the acceptance of the offer by the relevant vendor shareholders, and the subsequent issue of the securities as per above, following which the vendor's interest is vested immediately into QBL. Other than the issue of these securities, any material effect on the company's assets is unknown as no independent valuations have been completed either on this asset or on the company's current assets. However the directors believe that this transaction represents a value adding acquisition taking into account current market dynamics.

The Company does not have any plans to raise further funds in conjunction with this transaction as this transaction is not dependent upon 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 ongoing exploration. QBL intends to fund its portion of the drilling program from its existing cash resources.

South Johnstone Project

Given the highly encouraging results and continuing strong progress at the Company's South Johnstone Project in North Queensland, this Project remains the key focus for short term development.

¹ The following JORC compliant report was released to ASX: 08/05/2012 ASX announcement - Inverell Resource Grade Improvement – 38 million tonnes resource.

The Company is continuing to progress South Johnstone and is currently awaiting approval for a MDL to progress the short term development of the project, while evaluating strategic opportunities where they are considered to provide additional value to the Company and its shareholders.

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 and be attractive to major international bauxite partners. QBL continues to build on its strong position ahead of predicted rises in bauxite prices, and as a result is currently evaluating the further expansion of its portfolio through the acquisition of further tenements.

Yours Sincerely,

Pnina Feldman
Chairperson
Queensland Bauxite Limited

Compliance statements

The information in this report that relates to Exploration Results, Exploration Targets and Mineral Resources is based on information compiled by Dr Robert Coenraads (BA Hons, MSc, PhD). Dr Coenraads is a fellow of the Australasian Institute of Mining and Metallurgy.

Dr Coenraads contracts services to QBL.

Dr Coenraads has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking and to qualify as a Competent Person as defined in the 2012 JORC Code.

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