

30th October 2015

SEPTEMBER 2015 QUARTERLY REPORT

HIGHLIGHTS

- **Successful completion of environmental and engineering documentation for Minerals Development Licence (MDL) application**
- **Granting of MDL will enable immediate shipping from South Johnstone Bauxite project to effectively prove the long-term economic and operational feasibility of the project**
- **US\$2M (AUD\$2.88M) Facility secured with New York based investment firm Magna for development capital and operating costs for South Johnstone DSO bauxite project in northern Queensland**
- **Facility allows the Company to independently fast track development and production at South Johnstone bauxite project**
- **Ongoing exploration and drilling activities towards further delineation of upgraded JORC Indicated and Measured Resource**

During the September quarter 2015, Queensland Bauxite Limited (ASX: QBL, or the "Company") continued to significantly progress the development of its flagship South Johnstone DSO bauxite project in northern Queensland.

A number of corporate and operational milestones were achieved during this period, with the Company aiming to generate positive net cash flows in the short term through the commencement of DSO bauxite production and shipping.

Operational Overview

As part of the ongoing development of the South Johnstone project, detailed drilling of 59 holes was completed in June 2015 over approximately 11% of the previously identified estimated 1.9 million tonne Indicated Resource at the South Johnstone deposit, with the goal of being able to model the resource sufficiently to commence production for the Mineral Development Licence application (MDLA), and as a result also delineating a higher grade resource for that area.

The Indicated Resource area is less than 1% of the current previously reported Exploration Target area of regional bauxite mineralisation on the South Johnstone project.

The drilling program successfully confirmed assumptions made in the previously delineated Indicated Resource in depth and grade consistency. This gives management further confidence in the consistency of the resource as drilling was based on a 50x50m

grid of holes, the majority of which penetrated the entire thickness of the indicated resource (0.5 – 4.5m).

These results are currently being prepared with expert independent consultants with the intention to announce a resource upgrade to JORC 2012 Measured standard. Numerous verification tests and further drilling is ongoing as per the request of the third party consultants and QBL anticipates a results announcement in the near term.

The Company's technical team and Competent Person are comfortable that sufficient detailed work has been done on the MDL area to enable the further development to commence, and have as a result given the department the modelling necessary to secure the MDL approvals. The independent consultants have however requested for more work to be done to be able to classify the resource as Measured to JORC 2012 standard in their view. This work has no bearing on the company's ability to progress the MDL as already planned, the Company's technical team believe that the current modelling of 50m x 50m is more than sufficient to have the confidence to progress the project for initial shipments, and the Company is hoping to have the approval for the MDL still in this coming quarter.

In the interim, the Company has concluded and supplied the Queensland Department of Natural Resources and Mines with the environmental, operational and engineering studies documentation to accompany its MDL application. The Department is currently considering this application.

Granting of the MDL will allow immediate bulk sampling to commence. This 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.

The results 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.

The Company looks forward to receiving approval of the MDL in the near term. This achievement will help the Company to determine its ability to meet the current strong demand for bauxite, apply for larger ML's throughout the project area, and to generate positive net cash flows as quickly as possible.

Corporate Overview

A significant milestone for the Company during the period was securing the support of New York based investment firm Magna, through a US\$2 million (AUD\$2.88 million) Development Facility in Capital and Development Finance for the South Johnstone Bauxite project.

It is estimated that QBL requires approximately \$5 million to proceed into production at the South Johnstone project. With initial ongoing operating costs, this facility underwrites the opportunity to bring the Company to a cash flow positive position without having to rely on the volatile nature of capital markets in the current climate.

This vote of confidence by Magna in the Company gives management further belief in the economics of its flagship project. Initially, Magna has allowed for US\$500,000 of the facility to be immediately available to the Company, with a further US\$750,000 available upon the grant of the pending Minerals Development Licence (MDL). The additional US\$750,000 will be made available 45 days after the MDL is granted to the Company.

Funds are to be drawn strictly at the request of the Company, and there is no obligation for the Facility to be drawn down. Once drawn down, the Company will have the option to repay the facility within twelve months at a 20% premium, or issue shares to Magna at 20% discount to market price based on VWAP formula of the previous ten trading days. Any issue of shares will be subject to ASX Listing Rule 7.1 or shareholder approval.

Magna Managing Director Ari Morris commented:

“We are proud to support QBL during their exciting growth phase. We invest in companies with clear short term growth opportunities, and partner with them to create long term value. We see QBL as a stand out opportunity in the sector, and we look forward to seeing the company achieve its stated milestones for the benefit of all shareholders and investors.”

QBL's cash position as at 30th September 2015 was \$6.25 million. This is against a current market capitalisation for QBL of approximately \$9 million.

As at 30th September 2015, the Company held the following tenements:

Project Name			Interest Held %
WA Pilbara Gold Project			
Pilbara WA	E47/1153	Granted	100%
Eastern Australia Bauxite Projects			
South Johnstone QLD	EPM18463	Granted	100%
Nullamana NSW	EL7301	Granted	50%

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

Competent Person Statement

The information in this announcement that relates to exploration results, Exploration Targets or Mineral Resources is based on, and fairly represents, information compiled by Dr Robert Coenraads. Dr Robert Coenraads is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Coenraads contracts services to Queensland Bauxite Limited. Dr Coenraads has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Dr Coenraads has given his consent to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

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.

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 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	-441	-441
	-161	-161
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	53	53
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	-549	-549
Net Operating Cash Flows		
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)		
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)		
1.13 Total operating and investing cash flows (brought forward)	-549	-549

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	684	684
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	684	684
Net increase (decrease) in cash held		135	135
1.20	Cash at beginning of quarter/year to date	6121	6121
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	6256	6256

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	-140
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

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	\$2M USD Development Facility from Magna as detailed in the Activities Report	\$500,000 USD (\$684K AUD)
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	200
4.3 Production	
4.4 Administration	100
Total	500

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	6256	6121
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	6256	6121

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			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2	Interests in mining tenements acquired or increased				
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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 <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	737,908,636	737,908,636		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	23,877,387			
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.7	Options <i>(description and conversion factor)</i>	<i>Options</i>	<i>Number quoted</i>	<i>Exercise price</i>	<i>Expiry date</i>
		65,000,000	Nil	\$0.05	31/12/2015
		350,000	Nil	\$0.30	31/12/2015
		1,000,000	Nil	\$0.25	31/12/2015
		1,000,000	Nil	\$0.35	31/12/2015
		1,000,000	Nil	\$0.45	31/12/2015
		12,500,000	Nil	\$0.03	02/07/2016
		63,648,874	Nil	\$0.10	30/07/2016
		90,000,000	Nil	\$0.03	11/11/2016
		10,000,000	Nil	\$0.08	16/09/2017
		10,000,000	Nil	\$0.10	16/09/2017
		5,000,000	Nil	\$0.15	16/09/2017
		5,000,000	Nil	\$0.20	16/09/2017
		10,000,000	Nil	\$0.03	28/02/2018
7.8	Issued during quarter	2,846,046	Nil	\$0.06	30/08/2018
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ 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: 30th October 2015
(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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