

9th September 2015

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QBL Secures \$2.88M Development Facility

- **\$2M USD (\$2.88M AUD) Facility Secured with New York investment firm Magna, for QBL projected Development Capital and Operating Costs on the flagship bauxite project at South Johnstone.**
- **\$500,000 USD (\$720,000 AUD) immediately available, a further \$1,500,000 USD (\$2.16M AUD) available after grant of the Mineral Development License (MDL)**
- **Facility gives the Company further security that it will be able to independently fast track its development and production on its South Johnstone bauxite project without needing to rely further on the volatile capital markets**
- **Funds to be drawn down only at request of Company, no obligation on Company to draw down on the facility.**
- **Independent Sign off on JORC Resource Upgrade for the MDL area expected imminently, following the finalisation of the recent extensive independent testing and auditing of Company's modeling and results to date**
- **Operational plan, environmental studies and works for the mineral development license application (MDLA) have now concluded. Formal application documentation being finalised currently.**
- **The Granting of a MDL would enable immediate shipping of bauxite from the South Johnstone Bauxite Project, with the goal of proving the feasibility and viability of the South Johnstone Bauxite Project for the long term**

Queensland Bauxite Limited (ASX: QBL, or the "Company") is pleased to advise that it has secured the support of New York based investment firm Magna in providing a facility of \$2M USD (\$2.8M AUD) in Capital and Development finance for project development of the flagship South Johnstone DSO Bauxite Project in northern Queensland.

The Company has estimated capital costs of approximately \$5M to get the project into production. With ongoing initial operating costs, this facility underwrites the Company's ability to potentially bring the Company to a cash flow positive position without having to rely further on the uncertain capital markets in the current climate.

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

67 Penkivil St
Bondi NSW 2026
Ph +61 2 9291 9000
Fax +61 2 9291 9099
Email sfeldman@queenslandbauxite.com.au
ABN 18 124 873 507

www.queenslandbauxite.com.au

the company achieve its stated milestones for the benefit of all shareholders and investors.”

The confidence that Magna has given the Company and its future potential is greatly appreciated by the Company and is reflected in the favourable terms of the facility. Magna has allowed \$500,000 USD of the facility to be immediately available to the Company, with a further USD\$750,000 available upon grant of the MDL, and a further USD\$750,000 available 45 days after the grant of the MDL.

Once drawn down, the Company will have the option to repay the facility within 12 months of drawdown at a 20% premium, or issue shares to Magna at a 20% discount to market price based on a VWAP formula of the then previous 10 trading days. Any issue of shares will be subject to ASX Listing Rules 7.1 or shareholder approval.

The cost of the facility is an issue to Magna initially of 2,846,084 options in QBL at 6c per share exercise price, expiring 30 August 2018, and a further approximately 4M options (exact amount dependant upon the USD exchange at the time) for each USD\$750,000 draw down should the company wish to draw down those funds.

Securing the support of Magna is a significant step for the Company by underwriting the Company's ability to develop the South Johnstone Project and to get the project into production.

- Ends -



Pnina Feldman
Executive Chairperson
Queensland Bauxite Limited

For further information, please contact:

Queensland Bauxite Ltd
Tel: +61 (0)2 9291 9000

For further information or any queries please email the Company at:

sfeldman@queenslandbauxite.com.au



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.