

Targeting Premium DSO Bauxite

16th October 2017

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MDL Granted

The Board of Queensland Bauxite (ASX:QBL or “the Company”) is pleased to announce that the Department of Natural Resources and Mines (DNRM) has now formally approved the Mineral Development License (MDL) for the South Johnstone Bauxite Project.

The granting of the MDL allows the company to begin initial trial production of bauxite to potential customer refineries, for the purpose of proving the economic and operational feasibility of the entire project with the aim of generating positive net cash flows in the near term under intended Mining Lease (ML) applications. The grant of the MDL enables the Company to determine its ability to enter into the large international bauxite market in the short term and apply for larger ML’s throughout the project area. The formal feasibility testing to be conducted under the now granted MDL will include bulk sampling, bulk transport and shipping tests, and the testing of the product in potential customer refineries.

A marketing agency has been signed up to assist in the process of obtaining sales agreements with bauxite refineries. This agency is currently working towards enabling a Sales and Purchase Agreement with a bauxite refinery in regards to the South Johnstone bauxite ore. Now that the MDL has been granted, the Company looks forward to progressing with product to be shipped and tested in potential customer refineries.

The next stage in the project is to work the MDL in accordance with the planned development work programme, while still working towards the Mining Lease (ML) applications to allow for ongoing mining operations of all the identified bauxite ore resources at Camp Creek and in the additional identified bauxite mineralised locations throughout the larger South Johnstone project area.

QBL’s mining engineering and environmental consultants continue to work on components key to submitting the ML applications. It is the Company’s understanding that due to the extensive technical and environmental work already completed and in place with the MDL, that a full ML should not take much longer to achieve with the applications expected to be completed in early 2018.

The Mining Lease applications will be progressed in parallel with the work to be undertaken under the MDL to ensure as smooth a transition as possible, and to ensure the Company is in a position to profitably mine as soon as possible after operations are proven successful under the now granted MDL.

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 bauxite projects. 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 including details on the bauxite resource the subject of the MDL



please see the announcement previously released by the Company which can be accessed using the following link:

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

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 Board are excited to finally being able to progress this project and the Board look forward to making this project the success we believe it will become.

The Board would like to thank the dedicated geological team, consultants and contractors of QBL, headed by our chief Geoscientist Dr Robert Coenraads, who have worked so diligently to achieve this result.

A handwritten signature in black ink that reads "Pnina Feldman".

Pnina Feldman
Executive Chairperson
Queensland Bauxite Limited

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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. The Company also pursues additional investment opportunities, and has acquired a 55% shareholding in Medical Cannabis Limited, an Australian leader in the hemp and Cannabis industries.

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.