

30th April 2015

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MARCH 2015 QUARTERLY REPORT

HIGHLIGHTS

- **Heads of Agreement signed with Ports North for Mourilyan Port**
- **Environmental consultants progressing approvals**
- **Investment by China Bauxite Trading & Investments Company in Queensland Bauxite**
- **Rights Issue fully subscribed**
- **Drilling**
- **Optimising throughput of bauxite from Mine-to-Port**
- **Continuing discussions and negotiations with potential off takers**
- **Sea Transport Commodities Pty Ltd**
- **Well funded to continue development and drilling: \$6.503M cash**

During the recent quarter Queensland Bauxite (ASX:QBL) signed a Heads of Agreement (“HOA”) with Far North Queensland Ports Corporation Limited (“Ports North”).

The HOA gives a non-binding commitment of port capacity for product that is expected to be produced and exported from the South Johnstone Project (“South Johnstone” or “the Project”) and confirms the availability of significant port capacity.

The Port of Mourilyan is located 15-24 kilometres west, by road, of the South Johnstone mine site and has excellent road connections.

The Heads of Agreement confirms the parties will work together to finalise a commercial agreement for the utilisation of port infrastructure and the development of the designated Stock pile Facility and associated tenure over the site and a Port Operations and Access Agreement Lease Agreement to commence

on completion of development of the Facility and prior to commencement of operations at the port.

Importantly, the facilities will initially allow for the shipment of up to 1.0m tonnes of product each year from 2015, with future potential to greatly expand that capacity as the project develops.

About Ports North

Ports North is a Queensland State Government Owned Corporation. Ports North have ownership and control of the Port of Mourilyan in Far North Queensland (the Port), including freehold landholdings designated as Strategic Port Land, including both developed and vacant land.

Environmental approvals

QBL retained Northern Resource Consultants Pty Limited (“NRC”) to provide environmental consultancy services for the Company’s environmental approvals, management, planning, rehabilitation, investigations and assessments (both on-site and off-site) for the South Johnstone Bauxite Project.

NRC has been engaged to obtain the statutory approvals for both the port and mining lease to facilitate the commencement of project mining and construction activities in 2015.

NRC is a Queensland based company that has specialist expertise and experience managing and obtaining environmental and mining approvals. NRC is currently working with other resource companies in the area (including at the Port of Mourilyan).

Based on discussions with the relevant Departments, landowners, local authorities and environmental experts, the Company has reasonable grounds to believe that the environmental approvals and mining lease will be granted to enable production to begin as planned in 2015.

Investment by China Bauxite Trading & Investments Company in Queensland Bauxite

During the Quarter, QBL accepted an investment of A\$910,000 via a placement of 65,000,000 ordinary shares at \$0.014 per share and a further 5 million options exercisable at 3c per share expiring 28 February 2018 to China Bauxite Trading & Investments Company ("CBTIC").

The placement was made pursuant to shareholder approval received at the Company's recent AGM to issue up to 65 million Shares under ASX Listing Rules 7.1 and 7.

The Company has been approached by a number of groups for investment in QBL including CBTIC and the Directors decided that given the background of CBTIC's key executives and their extensive contacts and experience in Chinese state owned enterprises it could play a key role in assisting off take agreements with end users.

The funds raised will primarily be used for the continued expansion and development of the South Johnstone Bauxite Project.

CBTIC was founded by Mr. Yongjin Li who graduated from the University of Science and Technology in 1983 and spent 15 years working for China Non Ferrous Metal Corporation (CNNC), the former parent company of CHINALCO, CNMC, JNMC, Minmetals and many other Chinese non-ferrous majors.

Mr. Li spent 15 years working for CNNC and was a Project Manager in charge of importing and exporting of non-ferrous metal for their alumina refineries.

Subsequently, Mr. Li held the position of marketing manager with Sino Metal, which is CNNC's subsidiary in Sydney for four years.

Mr. Li has extensive experience working with Chinese State-owned companies and private sector alumina enterprises and bridging the divide between Australian mineral companies and Chinese end users.

Rights Issue

QBL lodged a prospectus with ASIC pursuant to which the Company proposed to undertake a non-renounceable entitlement issue of one (1) Share for every four (4)

shares held by those shareholders registered at the record date at an issue price of \$0.014 per share to raise up to \$1,782,167, together with one free attaching option with an exercise price of \$0.10 and an expiry date of 31 July 2016 for every two shares subscribed for and issued (Offer).

The closing date of the Offer was 5.00 pm (WST) on 10 March 2015.

The Board of QBL was pleased to advise that on the closing date the Company had received applications under the rights issue from eligible shareholders for 62,099,719 shares. Upon close of the rights issue 65,198,028 shares became available for subscription under the shortfall offer. Many shareholders have applied for significant oversubscriptions as part of the shortfall, and since closing the rights issue offer, the Company has placed all shortfall shares available to shareholders who have subscribed for the shortfall.

Drilling

Drilling is continuing at the South Johnstone Bauxite Project with the objective of increasing the level of JORC Indicated Resources. It was necessary to access a new drill rig from overseas capable of efficient and quick exploration at near surface. When drilling results are at hand, these will be released to the market.

Sea Transport Commodities Pty Ltd

The Company has engaged Sea Transport Commodities Pty Ltd to provide logistical support and to study in detail the loading operations and possible logistical solutions for the bauxite operation.

This could effectively envisage a significantly shorter lead time to develop a profitable export operation as it would entail a faster ship loading time.

The Company is also evaluating scenarios to materially reduce freight costs from the Port to Shandong, China.

Work is continuing on optimising the throughput of bauxite from Mine-to-Port. The Company is reviewing several options that could fast track extraction of bauxite from South Johnstone as well as deliver an optimised method of loading of the bauxite at Mourilyan Port.

Off take

As previously advised, the Company is in discussions with a number of groups for off take of bauxite from South Johnstone.

The Company has hosted another trip from a major Asian commodity group toward finalising an off take agreement.

This broadens the number of discussions and interest in South Johnstone bauxite. Good progress is being made with offtake partners and while ongoing they are not finalised. The Company will inform the market if these discussions leads to an off take agreement.

Corporate

QBL's cash position as at 31st March 2015 was \$6.503 million. This is against a current market capitalisation for QBL of approximately \$10 million.

For further information please visit the company's website at www.queenslandbauxite.com.au or contact:

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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")

31 March 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 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	-340 -180	-701 -365
1.3 Dividends received	41	116
1.4 Interest and other items of a similar nature received	-55	-55
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	-534	-1005
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		9
1.12 Other (provide details if material)		
		9
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)		
1.13 Total operating and investing cash flows (brought forward)	-534	-996

+ 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.	2693	3389
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
Net financing cash flows		2693	3389
Net increase (decrease) in cash held		2159	2393
1.20	Cash at beginning of quarter/year to date	4344	4110
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	6503	6503

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

N/A

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		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	100
4.3 Production	
4.4 Administration	100
Total	600

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	6503	4344
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	6503	4344

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	714,031,347	487,433,693		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	226,597,654	226,597,654		
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.

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Mining exploration entity quarterly report

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

+ 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 April 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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