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29 July 2011

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JUNE 2011 QUARTERLY REPORT

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## Highlights

- Phase 1 drilling completed at Kingaroy Project – results due September Quarter
- 123 holes drilled for 1,077m at an average hole depth of 9m
- Roadside drilling permit granted to QBL by South Burnett Shire
- South Queensland Projects expanded with Tenements EPM19071, 19078 and 19079 granted during Quarter
- South Johnstone Project drilling programme planned to commence in September Quarter

Queensland Bauxite Limited (ASX: QBL) (QBL or the Company) is focused on defining significant bauxite resources with a view to commencing direct shipping ore (DSO) bauxite mining and export operations. QBL presents the following report on activities for the three months ending 30 June 2011 and on subsequent events.

### Phase 1 Aircore Drilling Completed at Kingaroy Project

QBL commenced air core drilling at the Kingaroy Project on 17<sup>th</sup> May 2011 and during the first phase of bauxite drilling completed 123 holes for a total of 1,077m at an average hole depth of 9m (see Figure 1 below). The drilling was wide spaced and covered an area of 400km<sup>2</sup> so as to define priority target areas for infill drilling and resource calculation. Drilling was aimed as close as possible to the historical bauxite locations from the sampling carried out in the 1940's. Access is still being negotiated over certain target areas within the Kingaroy Project and QBL intends to undertake further drilling in the September Quarter upon successful completion of these negotiations.

QBL anticipates assay results from the Phase 1 drilling programme at the Kingaroy Project to be announced in the September Quarter.

### Olympus Innovex XRF

The Company is trialing a recent development in field geology that has proved invaluable to many companies in determining drilling priorities.

Selected drillholes were chosen for XRF analyses in the first instance prior to results being known from the Innovex/ALS orientation study. The drillholes chosen were based on the following criteria:

- Proximity to historical (1940's) bauxite locations;
- Proximity to mapped (2010/2011) bauxite locations; and
- Visually encouraging signs of bauxite mineralisation in the drill samples (2011).

The Olympus Innovex XRF Analyser is a hand held device that provides fast, non-destructive elemental analysis from Mg to U and from ppm concentrations to % levels. The latest units are able to detect the lighter elements such as Si and Al which are of interest for bauxite exploration as a screening device during the early stages of exploration, thus avoiding drilling exploration holes in areas not containing good bauxite

Level 34, 50 Bridge St  
Sydney NSW 2000

Ph 61 2 8216 0777

Fax 61 2 8216 0788

Email [info@queenslandbauxite.com.au](mailto:info@queenslandbauxite.com.au)

ABN 18 124 873 507

[www.queenslandbauxite.com.au](http://www.queenslandbauxite.com.au)

The Olympus Innovex XRF Analyser will be used in the next Quarter to examine surface occurrences of apparent bauxite to better target hole locations and to screen the drill samples prior to selecting the samples to be sent to ALS for Fused Disk XRF.

It is the intention of the Company to compare assay results from the lab with the onfield results that can be achieved using XRF analyses, as a validation exercise.

With much of the bauxite in the area being near surface and often exposed, QBL is of the view utilisation of XRF analyses as an additional tool will potentially enhance the efficiency and speed of the infield exploration to identify prime areas for drilling without the wait and costs that have been associated in sending samples to the lab. This new approach is expected to achieve a much more rapid result in our resource identification over the thousands of square kilometres being explored and drilled.

### **Roadside Drilling Permit Granted by South Burnett Shire**

QBL applied to the South Burnett Shire for a permit to drill on the road margins so as to quickly evaluate the bauxite potential of the project and minimize any impact of drilling on farmers free hold land. Approval to drill within the road verges was granted by the South Burnett Shire during the Quarter which will enhance the efficiency and speed of a substantial part of infield exploration (see Figure 3 below).

### **Community & Landholder Consultation**

QBL followed up the initial land holder discussions with those landowners on whose property drilling took place and in all cases the landowners were happy with the way in which the drilling operation was carried out and the subsequent rehabilitation of the drill site.

QBL placed a FAQ sheet into one of the print runs of the South Burnett Times and received positive feedback from the community from this initiative to inform the readers of the South Burnett Times of the way QBL was keeping the community in touch with the drilling operation.

A meeting was held with the South Burnett Shire CEO and Mayor at which QBL outlined the phase 1 drilling operation and likely impacts on the local community of the drilling and possible benefits of a future mining operation.

During the Quarter, QBL Directors and management, including the QBL's Land Manager, Brad Perry, held discussions with Queensland Government Officials, management and DEEDI management regarding the level and nature of QBL's drilling operations. QBL expressed concerns that a small self appointed community group was disseminating misinformation. The DEEDI representative indicated that the Queensland State Government will be organizing information sessions to inform the local community on the benefits of bauxite mining.

A number of further community meetings are being planned in various localities throughout Queensland. The Company is pleased with how these discussions have progressed.

### **Environmental Constraints Analysis Completed for Kingaroy Project**

Consultant Chris Bannerman completed an environmental constraints analysis for the Kingaroy Project based on digital data sets obtained from the Queensland Department of Environmental Management (DERM). The environmental constraints comprise Category A to C areas with DERM applying buffer zones of 1000m and 500m respectively to the Category A and B environmental areas. This analysis did not identify any major restraints on drilling.

## Occupational Health & Safety

QBL takes its health and safety obligations seriously and is pleased to announce there were no incidents during the Quarter.

## Tenements

During the Quarter EPM's 19071(Childers E), 19078(Ban Ban Springs) and 19079(Coolieman) were granted for an additional combined area of 595km<sup>2</sup>. This expands the South Queensland Projects to further areas that the Company believes hold serious prospectivity for large scale bauxite deposits.

## Plans for September 2011 Quarter

During the September Quarter the following work is planned:

- Aircore drilling at the South Johnstone (EPM18463) and Ravenshoe East (EPM18464) Projects in North Queensland;
- Collect Innovex XRF data for all Kingaroy drill samples;
- Complete lab analysis of holes drilled in South Queensland in the June Quarter and of holes drilled in North Queensland in the September Quarter;
- Use Innovex XRF to collect elemental oxide data for selected outcrops in and around the Kingaroy, Pittsworth and Childers Projects;
- Geological mapping and outcrop sampling of the historic Kinellan Bauxite location within the Ban Ban Springs tenement (EPM 19078; and
- Infrastructure scenarios and initial negotiations for transporting product to port and shipping to overseas markets.

For further information please visit the Company's website at [www.queenslandbauxite.com.au](http://www.queenslandbauxite.com.au) or contact:

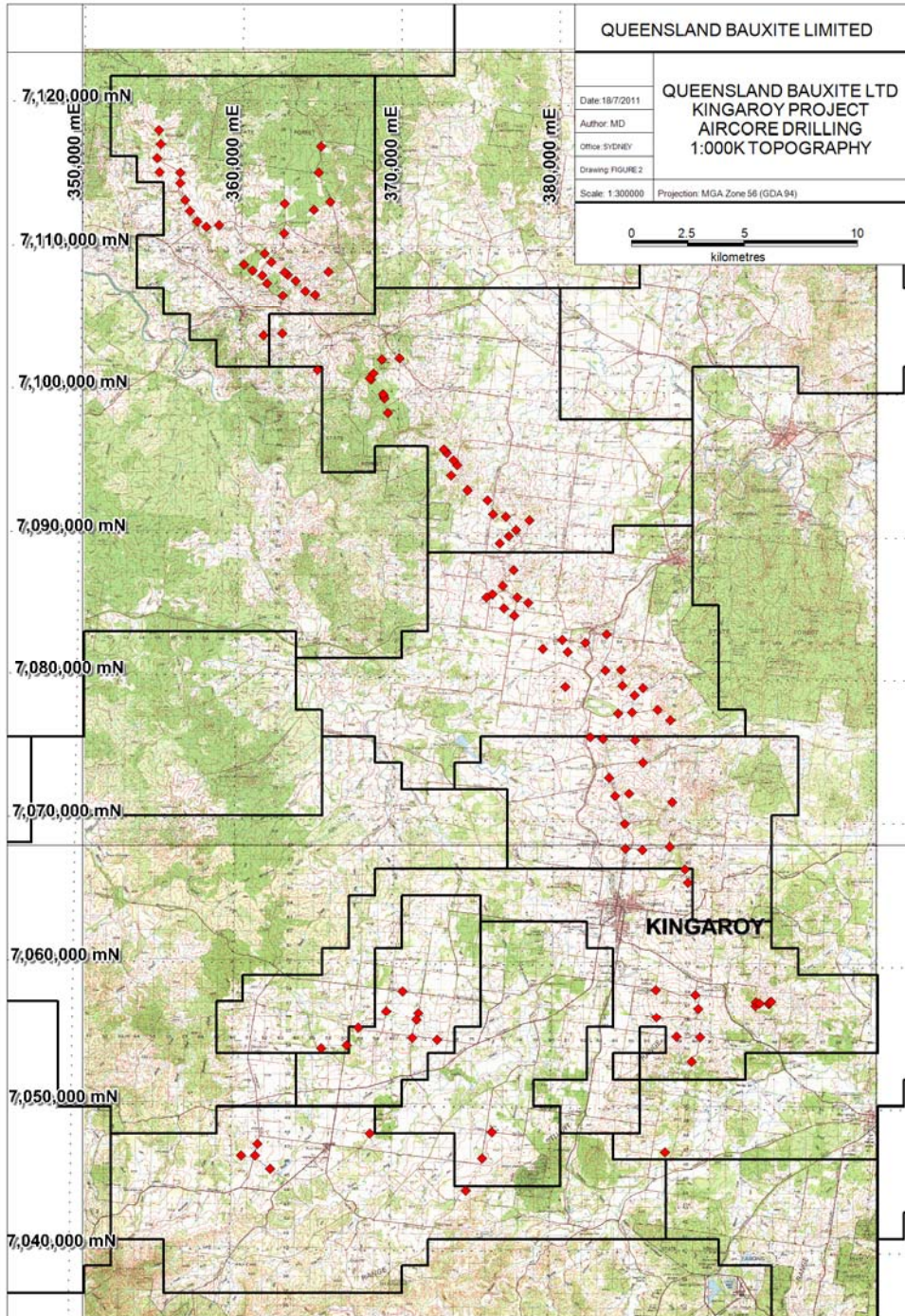
Sholom Feldman  
Executive Director  
Level 34, 50 Bridge Street  
Sydney, NSW 2000  
Phone +61 (2) 8216 0777  
E: [sfeldman@queenslandbauxite.com.au](mailto:sfeldman@queenslandbauxite.com.au)  
Web: [www.queenslandbauxite.com.au](http://www.queenslandbauxite.com.au)

Mark Derriman  
Chief Operations Officer  
Level 34, 50 Bridge Street  
Sydney, NSW 2000  
Phone +61 (2) 8216 0777  
E: [mderriman@queenslandbauxite.com.au](mailto:mderriman@queenslandbauxite.com.au)  
Web: [www.queenslandbauxite.com.au](http://www.queenslandbauxite.com.au)

*\*References to targets of Bauxite “tonnage”, “reserves”, “resources”, “ore” and “grades” are only conceptual in nature as, where these targets are mentioned there has been insufficient or unverified exploration data to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource*

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based” on information compiled by Dr Robert Coenraads (BA Hons, MSc, PhD) and Mr Mark Derriman (BAppSC Hons, MAppSc, and MBA). Dr Coenraads is a fellow of the Australasian Institute of Mining and Metallurgy. Mr Derriman is a member of the Australian Institute of Geoscientists. Dr Coenraads contracts services to QBL. Mr Mark Derriman is a full time employee of QBL. Dr Coenraads and Mr Mark Derriman have 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 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources or Ore Reserves”.*

*Dr Coenraads and Mr Mark Derriman consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.*



**Figure 1: Kingaroy Drill Collar Map (Red Diamonds)**

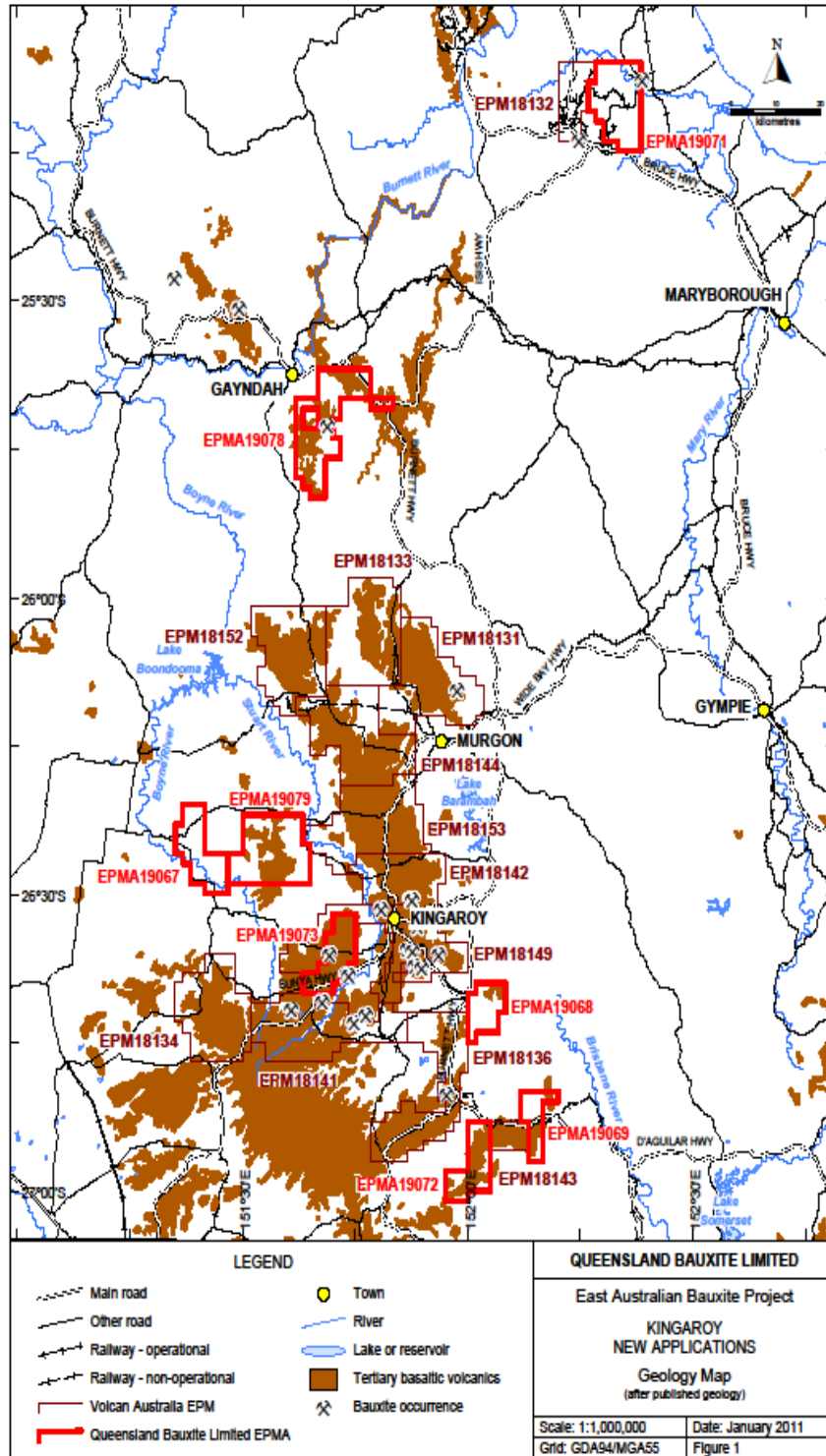


Figure 2: Kingaroy Project – Tenement Map



**Figure 3: Underdale Drillers Carrying Out Roadside Drilling at Kingaroy Project**

# 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")

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 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	-706  -244	-1650  -1603
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid	52	86
1.6 Income taxes paid		
1.7 Other (provide details if material) Reimbursement of Exploration Expense		81
<b>Net Operating Cash Flows</b>	<b>-898</b>	<b>-3086</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		-26
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans from other entities		60
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>		<b>34</b>
1.13 Total operating and investing cash flows (carried forward)	-898	-3052

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	-898	-3052
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	0	7328
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)		2
	<b>Net financing cash flows</b>	0	7330
	<b>Net increase (decrease) in cash held</b>	-898	4278
1.20	Cash at beginning of quarter/year to date	5352	176
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	4454	4454

**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	277
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		
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	700
4.2 Development	
4.3 Production	
4.4 Administration	250
<b>Total</b>	<b>950</b>

### 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	4314	5212
5.2 Deposits at call	140	140
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>4454</b>	<b>5352</b>

### Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter

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+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased				

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+ See chapter 19 for defined terms.

**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	<b>Preference +securities</b> <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	271,363,192	271,363,192		
7.4	Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	28,571,429	28,571,429		
7.5	<b>+Convertible debt securities</b> <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	<b>Options</b> (description and conversion factor)	45,291,763	Nil	<i>Exercise price</i>	<i>Expiry date</i>
		5,000,000	Nil	\$0.20	31/12/2012
		Performance Options		\$0.20	31/12/2012
		5,000,000	Nil		
		Performance Options		\$0.30	31/12/2012
		65,000,000	Nil		
		Performance Options		\$0.05	31/12/2015
		1,000,000	Nil	\$0.25	31/12/2015
		Performance Options			
		1,000,000	Nil	\$0.35	31/12/2015
7.8	Issued during quarter	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
		5,000,000	Nil	\$0.25	30/06/2014
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

## Compliance statement

- 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).
- This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 29<sup>th</sup>, July 2011  
 (Company secretary)  
 Print name: Sholom Feldman

+ See chapter 19 for defined terms.

## 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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