

Queensland Bauxite Limited
(formerly Australian Gold Investments Limited)

ABN 18 124 873 507

and Controlled Entities

Half-Year Report

For the half-year ended 31 December 2010

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Corporate Directory

Directors

Pnina Feldman

(Executive Chairman)

Sholom Feldman

(Executive Director, CEO)

Paul Stephenson

(Non Executive Director)

David Austin

(Alternate Director)

Company Secretary

Sholom Feldman

Chief Operations Officer

Mark Derriman

Bankers

National Australia Bank

Law Courts Branch

75 Elizabeth Street

Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Limited

Level 2 Reserve Bank Building

45 St George's Terrace

Perth WA 6000

Telephone: (08) 9323 2000

Registered Office

Level 34, 50 Bridge Street

Sydney NSW 2000

Telephone: (02) 8216 0777

Facsimile: (02) 8216 0788

Email: sfeldman@queenslandbauxite.com.au

Auditors

Nexia Court & Co, Chartered Accountants

Level 29, Australia Square

264-278 George Street

Sydney NSW 2000

Telephone: (02) 9251 4600

Stock Exchange Listing

The Company is listed on the Australian Stock Exchange Ltd (ASX)

Website

www.queenslandbauxite.com.au

Australian Securities Exchange Code:

QBL

Directors' report

Your Directors submit their report for the half-year ended 31 December 2010.

Directors

The names of the Company's Directors in office during the period and until the date of this report are as follows. Directors were in office for this entire period.

Pnina Feldman - Executive Chairman

Sholom Feldman - Executive Director, Chief Executive Officer and Company Secretary

Paul Stephenson - Non-Executive Director

David Austin - Alternate Director.

Principal Activities

The principal activities of the Company during the half-year were mineral exploration and identification of potential mining exploration assets for acquisition and development.

The Company during the half year acquired significant prospective bauxite exploration tenements in Queensland, and changed its name to Queensland Bauxite Limited.

About Queensland Bauxite Limited

Queensland Bauxite Limited holds in excess of 7,180 km² of bauxite prospective terrain in Queensland, Australia. The Company is focused on defining significant bauxite resources with a view to commencing direct shipping ore (DSO) bauxite mining and export operations in the near-term.

QBL believes the East Australian Bauxite Province (stretching from Far North Queensland to New South Wales) has been considerably under-explored and has the potential to become a world-class bauxite province.

QBL is one of the few companies offering exposure to the bauxite industry, currently characterised by rapidly growing international demand. QBL is targeting long-life DSO operations, and believes it has strongly positioned itself before the predicted rise in bauxite prices.

Review of Operations and Outlook

The consolidated loss for the half- year ended 31 December 2010 was \$2,605,456 (2009 \$604,095)

Highlights of Half Year and Subsequent Events:

- Acquired a 100% interest in the South Johnstone Bauxite Projects
- Acquired 80% interests in the South Queensland Bauxite Projects
- The combined area of the prospective bauxite terrain over all of the Queensland Bauxite Projects acquired during the half year was in excess of 5000 km². This area increased subsequent to the reporting period by a further 31% through new exploration tenement applications in South Queensland bringing QBL's current total bauxite prospective landholding to in excess of 7,180km²
- Initial field inspections of the Queensland Bauxite Projects carried out by the Company led by experienced bauxite consultant geologist Peter Temby
- Large areas of bauxite mineralisation and or lateritised profiles observed at several locations within the South Queensland and South Johnstone Projects
- New tenement applications selected based on recent field mapping which noted surface expressions of potential bauxite mineralisation over large areas
- Recent analysis confirms further gibbsite mineralisation in numerous bauxite profiles
- Mark Derriman appointed as Chief Operations Officer
- Company changed its name to Queensland Bauxite Limited (QBL)

New Acquisition – South Queensland Bauxite Projects

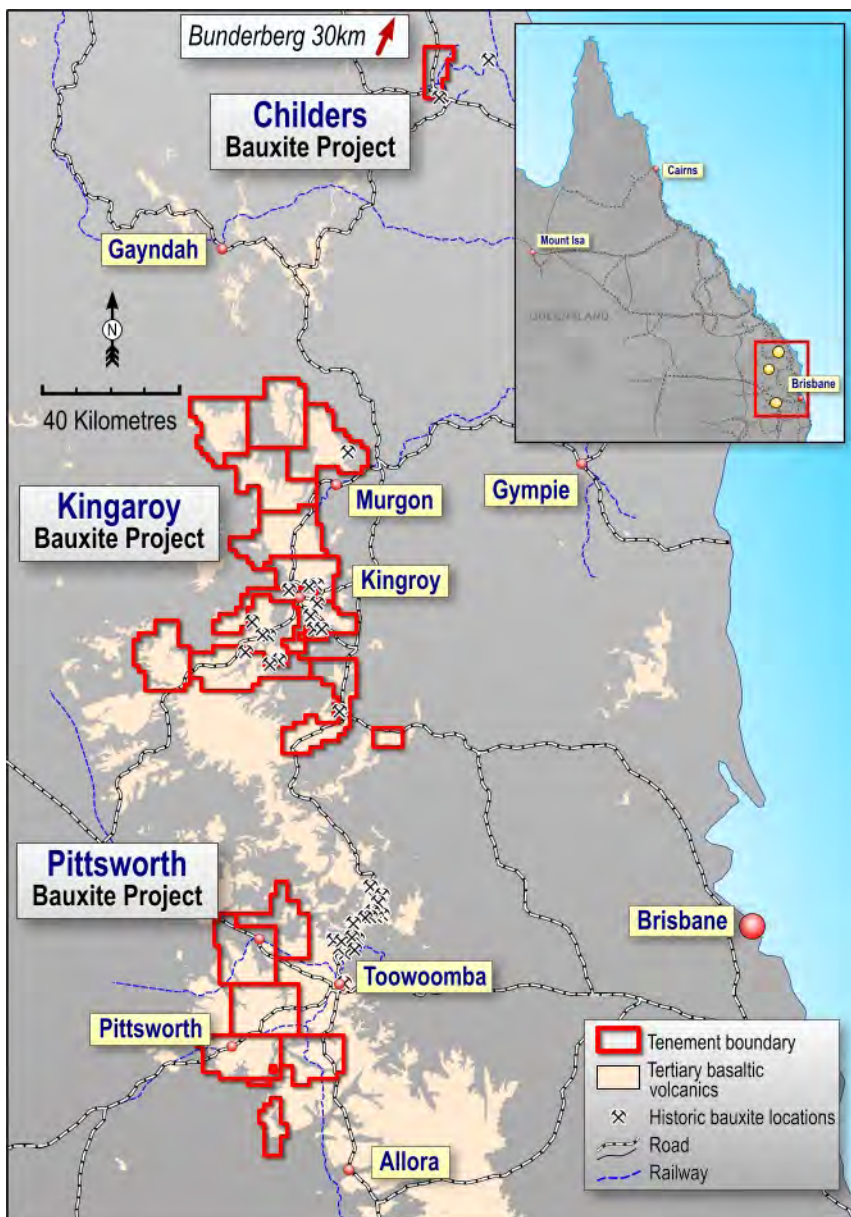
On the 14th December 2010 the Company announced that in addition to the acquisition announced on 25th June 2010 of 80% interests in the South Johnstone Bauxite Projects, QBL's shareholders voted in favour of the resolution to acquire 80% interests in the South Queensland Projects from Volcan Holdings Inc (Volcan) in consideration for an issue to Volcan of 40 million QBL shares, together with a \$1 per ton royalty on production. The extensive South Queensland Projects include the Childers, Kingaroy and Pittsworth Bauxite Projects, and are believed to contain potential for some of the largest bauxite occurrences in the portfolio.

In addition, the Company acquired the remaining 20% interests in the South Johnstone Projects in Queensland, from Plateau Bauxite Limited (PLB), for an issue to PLB of 15 million QBL shares. This acquisition increased the Company's position in the South Johnstone Projects to a 100% interest.

Details of the transactions and a Notice of Meeting which included independent expert fair and reasonable reports were sent to shareholders on 14th November 2010, and on 14th December 2010 shareholders unanimously approved the transactions and the transactions were subsequently completed.

The South Queensland Projects

The South Queensland Projects cover a number of discrete volcanic provinces that are known to contain historic occurrences of bauxite within widespread blankets of highly altered and weathered basaltic rocks, and are close to major infrastructure, rail, ports and power. A number of these projects are as close as 80 kms from port with extensive rail networks running through the projects that have capacity. These Bauxite Projects, which include the Childers, Kingaroy and Pittsworth Bauxite Projects, are Exploration Licenses EPM18131, EPM18132, EPM18133, EPM18134, EPM18135, EPM18136, EPM18137, EPM18141, EPM18142, EPM18143, EPM18144, EPM18145, EPM18146, EPM18149, EPM18152, EPM18153, EPM18155, EPM18156 and EPM18794 (the South Queensland Projects).



Subsequent Further Acquisition In South Queensland

Following the reporting period, the Company applied for and the Queensland Department of Mines and Energy accepted the Company's applications for an additional eight exploration licenses (EPM19067, 19068, 19069, 19071, 19072, 19073 19078, 19079) within the East Australian Bauxite Province (see Figure 3 below). These new tenement applications are situated in and around the town of Kingaroy and east of the town of Childers in South East Queensland, and will augment QBL's South Queensland Project.

New Tenements

The eight new tenements were selected based on recent field mapping which noted surface expressions of potential bauxite mineralisation over large areas. QBL intends to conduct studies to determine the extent of gibbsite mineralisation over these tenements (refer to About Gibbsite Mineralisation below).

The Queensland Department of Mines and Energy has accepted QBL's tenement applications and the formal granting of these applications is expected within the next month. Upon granting of these eight tenements QBL will hold 32 exploration licenses in Queensland for a combined bauxite prospective landholding of over 7,180km², a 31% increase in the previously announced 5,466km² landholding.

Bauxite Profiles

QBL has recently conducted field inspections and geological mapping at the South Queensland Project which has confirmed bauxite profiles up to 6 meters in thickness occur throughout numerous tenements. In addition away from the road cuts, it was observed on one of the tenements, possible "bauxitic" gravels (Figure 2) occur over areas in excess of 40km² which may indicate the existence of buried bauxite profiles. These zones of apparent widespread bauxite mineralisation provide numerous high quality drill targets which if successful could rapidly convert the Company's considerable exploration targets into a significant resource.



Figure 2 Surface expression of bauxite mineralisation

– classic pisolitic bauxite

Historical Kingaroy Bauxite Sampling

In 1941 The Queensland Government commissioned a study into the commercialisation of bauxite resources in South East Queensland. The investigations indicated that the most potentially economic deposits of bauxite were conveniently located in close proximity to existing rail infrastructure within a 30km radius of the town of Kingaroy. Subsequently government geologists S. Shepherd and T. Connah embarked on a bauxite sampling program in the Kingaroy District and submitted 55 bauxite/laterite samples for geochemical analyses. Of the analyses received 28 or 51% of the samples returned analyses $> 30\%$ avAl_2O_3 and $< 3\%$ RxSiO_2 to a maximum of 56% avAl_2O_3 from selective sampling of a bauxite laterite. Bauxite profiles were observed to be up to 6 metres in thickness.

About Gibbsite Mineralisation

Gibbsite – aluminium hydroxide $\text{Al}(\text{OH})_3$ is the most sought after of the bauxite ore minerals because it readily dissolves at low temperatures and pressures at the alumina refinery stage (the Bayer process) while boehmite – aluminium oxide hydroxide $\text{AlO}(\text{OH})$ must be processed at high temperatures and high pressures in more expensive pressure vessels. Some unwanted non-alumina minerals are also dissolved so that additional processing stages to remove the non-alumina contaminants are required. The additional processing stages to remove contaminants can also be associated with alumina loss.

Gibbsite mineralisation has been noted within the Kingaroy Bauxite Project and QBL believe gibbsite is likely to be more extensively developed.

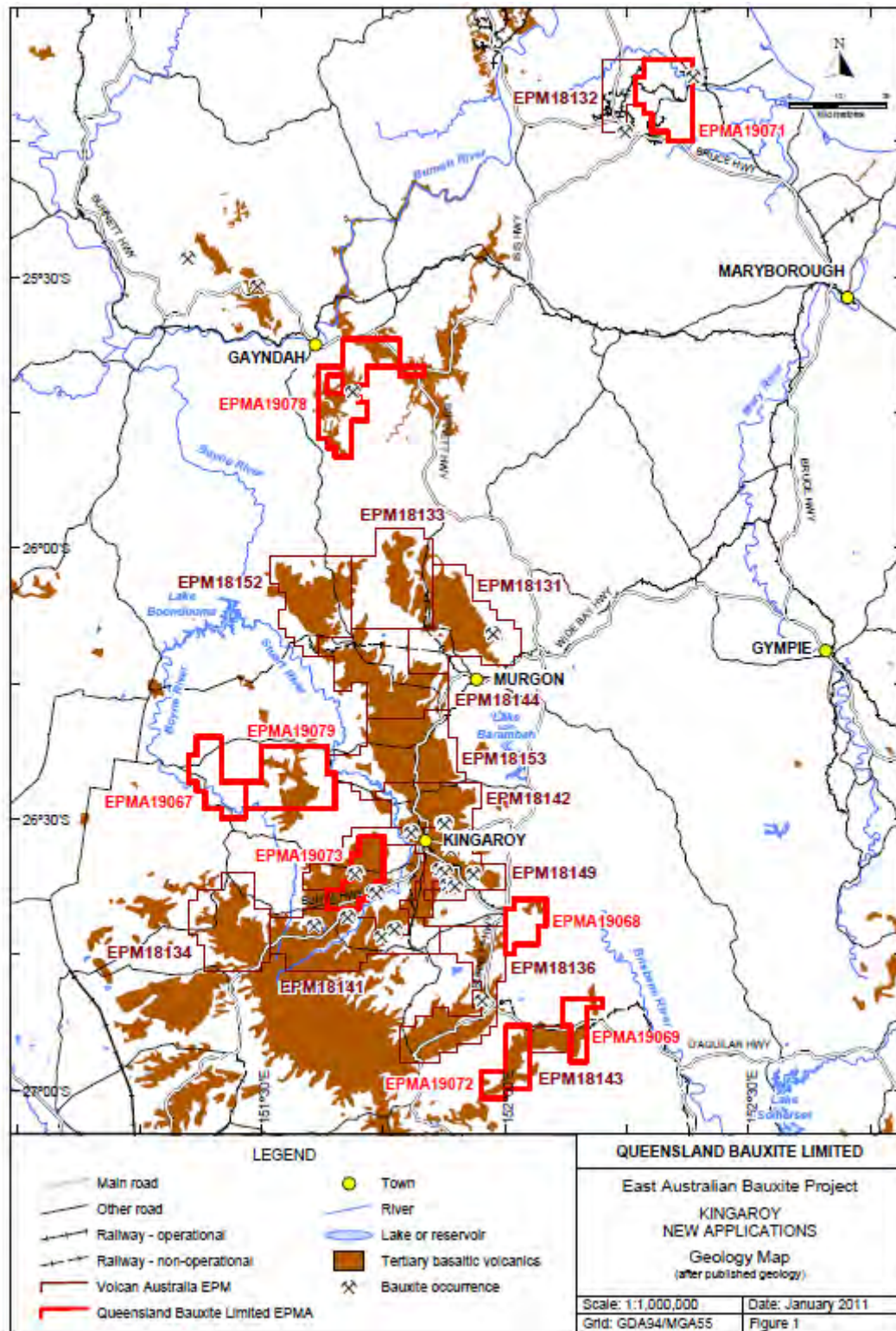
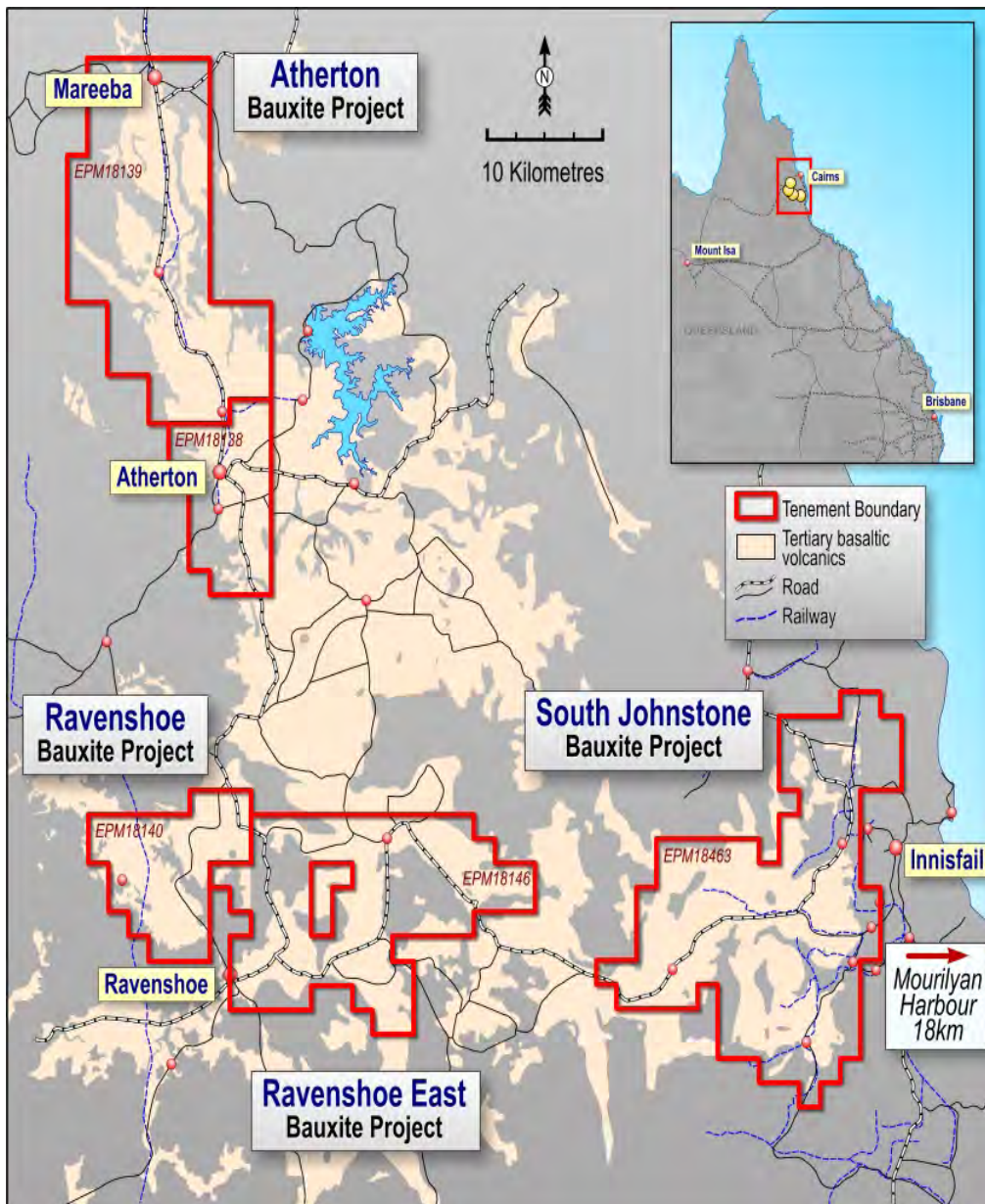


Figure 3: The 8 new applications in the Northern Area of QBL's South Queensland Project

The North Queensland Projects

The North Queensland Projects are located around South Johnstone in Northern Queensland and consist of Exploration Licenses EPM18138, EPM18139, EPM18140, EPM18463 and EPM18464 (See maps below). The Company has now acquired the remaining 20% of the South Johnstone Projects, from Plateau Bauxite Limited. The South Johnstone Projects are located as close as 18 kms from the Mourilyan Port in a region of excellent infrastructure and power availability, with direct rail link to the main project area.



Over the period, in preparation for a drilling program to test the previously reported bauxite occurrences at the South Johnstone Projects, the Company signed access agreements with a number of key landholders. In addition, several lateritised profiles were mapped (see photos below) and discussions were held with Mourilyan Port staff.

There is no Native Title over the granted tenements either on the South Johnstone Project or the South Queensland Projects.

Although the Company has not yet undertaken any drilling or testing of the project to report a bauxite ore resource on the South Johnstone tenements, records of previous exploration in the 1960's are held on file by the Queensland Department of Mines and Energy. Carpentaria Exploration Pty Ltd, a wholly owned subsidiary of Mt Isa Mines, reported bauxite within the South Johnstone and Ravenshoe East tenements following a drilling programme undertaken by that company. QBL intends to undertake drilling over the area drilled by Carpentaria that reported the bauxite.

On the most recent field trip, the Company successfully located the drilling locations reported in the historical maps and reports, and also signed access agreements with the key landowners.

The tenements acquired by QBL are located within the East Australian Bauxite Province which extends from Queensland into New South Wales. The East Australian Bauxite Province has had its considerable potential confirmed by Australian Bauxite Limited's (ASX: ABZ) recent announcements of a combined 41 Mt gibbsite-rich bauxite resource (ASX Announcement, Feb & Sep 2010).

Initial results from those drilling programmes displayed significant potential with high available alumina and low reactive silica and the material is considered to be ideal for direct shipping (DSO) to foreign or local alumina refineries.

Pnina Feldman, Company Chairperson, said *"this is a very important step for QBL in acquiring all of the highly prospective South Johnstone Projects and a significant interest in all of Volcan's bauxite tenements in Queensland. The Company will now have an extensive portfolio of bauxite prospective tenements that are ideally placed close to infrastructure and available deep water port facilities. With a ramp up in activity expected to commence shortly we look forward to an exciting period for QBL."*

Activity and Further Information

The latest acquisition of the South Queensland Projects adds significant prospectivity to the Company's aim of becoming a significant bauxite company.

In December 2010, QBL's geologist, Dr Robert Coenraads, and newly appointed Chief Operating Officer, Mark Derriman, accompanied Executive Director Sholom Feldman, and consultant geologist Peter Temby on a field visit to the Queensland bauxite projects to further identify where bauxite is present and visit historic bauxite locations.

The bauxite observed within the South Queensland Project was found to be related to a lateritisation event on an older basaltic sequence in much the same way as bauxite is developed on granite/greenstone terrains in the Darling Ranges also due to a lateritisation process. The bauxite mineral gibbsite was visibly observed. The bauxite has a typical bright red tone on the ground and can often be identified using varying satellite imaging technologies. Bauxite sections up to 6 metres were exposed at several road cuts and bauxitic soils and outcrops were observed at several locations.

The initial field visit to the South Queensland Project has highlighted several areas with the potential to host large quantities of bauxite mineralisation. The next phase of exploration will be to carry out a constraints analysis of the area to identify the most promising areas to focus our exploration efforts. In the most favourable areas all landholders will be contacted to discuss our ongoing exploration plans with a view to drill testing the highest priority areas (see photos below).

The Company believes that the South Queensland Project is ideally placed close to infrastructure and available deep water port facilities to be suitable for a direct shipping operation of bauxite.

Geological mapping performed by the Company during a field visit within just one of the South Queensland tenements identified a potential 40km² area of lateritised Tertiary basalt, and bauxite mineralisation (gibbsite) was noted.

Recent drilling by Australian Bauxite Limited (ASX: ABX) targeting potentially bauxitic lateritised tertiary basalt to the north of QBL's projects at Binjour, returned results showing that the average thickness of the bauxite profile at Binjour is 6.3m with Al₂O₃avl% (Available Aluminium Oxide) in the range of 28.9% to 50.5% (ABX - ASX announcement 13 August 2010).

Based on those results and the above mapping by QBL, this gives QBL an exploration target for just one tenement out of the South Queensland Project's tenements of 250Mt to 300Mt with an Al₂O₃avl% range of 30% to 50% using a target tonnage calculation of a density of 1.8 and a potential thickness range of 3.5m to 4.2m.

APPOINTMENT OF CHIEF OPERATIONS OFFICER

QBL has appointed Mark Derriman as Chief Operations Officer who will be focused on bringing the bauxite projects into production.

CHANGE OF COMPANY NAME TO QUEENSLAND BAUXITE LIMITED (QBL)

Subsequent to the period, the Company changed its name from Australian Gold Investments Limited to Queensland Bauxite Limited. A Notice of Meeting to shareholders was distributed, and shareholders voted unanimously on this resolution on the 17th February 2011. The code QBL has been assigned to the Company by the ASX, and formally changed from AGV on the 23rd February 2011.

SALE OF ML1492

As part of the transactions with Volcan presented to shareholders, QBL sold its interest in ML1492 which contains an alluvial sapphire mining project to Volcan in consideration of Volcan paying \$1.2 million to QBL prior to the end of 2012.

GOLD PROJECTS

The Company currently has four gold projects in Australia, comprising two principle gold exploration projects in Western Australia - the Broads Dam Gold Project near Kalgoorlie and the Pilbara Gold Project in the south-west Pilbara, and two gold projects in New South Wales - the Tia River Gold Project and the Lost River Gold Project, both in the New England Orogen.

Broads Dam Gold Project

The Broads Dam Gold Project covers approximately 3,000 hectares of the highly prospective Zuleika Shear Zone, located in the Eastern Goldfields Province of the Yilgarn Craton, Western Australia, approximately 40km north-west of Kalgoorlie. The Zuleika Shear Zone hosts a number of nearby, currently working, underground gold mines, including Barrick Gold's Raleigh and Bullant deposits, and La Mancha's Frog Leg mine.

The Company has been approached by parties interested in purchasing the Broads Dam tenements. As announced on the 31st January 2011, QBL has signed a Letter of Agreement with ASX-listed Phoenix Gold Limited ("PXG" or "Phoenix") for PXG to purchase a 100% interest in QBL's Broads Dam Gold Project.

QBL has agreed to sell the Broads Dam Gold Project for the following consideration:

- Non-refundable deposit on signing formal agreement \$100,000
- Cash payable at settlement \$400,000
- 10 million Phoenix fully paid ordinary shares
- A \$10/oz production royalty on gold mined from the Broads Dam Gold Project

Phoenix has also agreed to replace the environmental bonds in respect of the tenements contained in the Broad Dams Gold Project immediately following settlement. The royalty is a project royalty and to also include production on associated Broads Dam tenements owned by Phoenix.

Depending on a number of conditions, QBL and Phoenix expect to be in a position to sign a formal Sale Agreement by the end of March. Settlement is subject to any QBL or Phoenix shareholder approvals that may be required by law and any governmental or other regulatory approvals that may be required.

Pilbara Gold Project

The Pilbara Gold Project comprises Exploration Licence E47/1153 which covers the northern half of the Rocklea Dome and encompasses an area of approximately 200km².

Outcropping quartz "blows" and stockworks located along well developed east-west shear zones near the intrusion boundary between the Rocklea Dome monzogranite and Hardey Formation

pelites and metasandstones are considered prospective for the discovery of gold.

Tia River Gold Project

The Tia Gold Project comprises Exploration Licence 7224 located within the New England Orogen, near Walcha, in north-eastern New South Wales.

A moderately-sized shallow (i.e <4m) Holocene alluvial gold target covering ~85 ha has been identified in the upper reaches of Swamp Creek and Agnes Creek. A 100-hole Calweld drill program is planned to test the gold resource potential and minability in these valleys.

Lost River Deep-Lead Gold, Ruby, Sapphire and Diamond Project

QBL holds a 94 Unit exploration license (EL 7409) over a 20 km long Cainozoic basalt-capped palaeovalley defined by inverted topography, near Nowendoc, NSW.

Historic records record a gold-bearing deep-lead system partly exposed along the eastern edge of the basalt cap in the license area. Initial topographic inversion modelling indicates the existence of a buried palaeovalley whose axis appears to lie to the west of the exposed gold-bearing gravels cropping out along the eastern edge of the basalt cap. Gravity and magnetic surveys are currently being considered along the axis of the inverted topography to help aid in locating drill holes designed to test the width and depth of the deep lead beneath the basalt cap.

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, 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.

SOUTH QUEENSLAND FIELD PHOTOS



Bauxite profile at Yarraman



Bauxite profile at Yarraman



Gibbsite

NORTH QUEENSLAND FIELD PHOTOS



South Johnstone Laterite profile

Auditor's independence declaration

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 19 and forms part of the directors' report for the half-year ended 31 December 2010.

Signed in accordance with a resolution of the Board of Directors:

A handwritten signature in black ink, reading "Pnina Feldman". The signature is written in a cursive style with a large, stylized initial 'P'.

Pnina Feldman Chairperson

Dated this 15th day of March 2011

The Board of Directors
Queensland Bauxite Limited
Level 34, 50 Bridge Street
SYDNEY NSW 2000

Dear Board Members

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Queensland Bauxite Limited.

As lead audit partner for the review of the financial statements of Queensland Bauxite Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Queensland Bauxite Limited and the entities it controlled during the half-year.

Yours sincerely

Nexia Court & Co.

Nexia Court & Co
Chartered Accountants

Sydney

David Gallery

David Gallery
Partner

Dated: 15 March 2011



Financial statements

Condensed consolidated statement of comprehensive income

for the half-year ended 31 December 2010

Continuing Operations	Consolidated Entity	
	31 Dec 2010 \$	31 Dec 2009 \$
Revenue	259,679	8,494
General and administrative expenses	(57,039)	(31,086)
Depreciation	(13,594)	(50,978)
Management services	(641,107)	(315,930)
Corporate and legal expenses	(151,688)	(68,212)
Marketing expenses	(22,541)	-
Finance expenses	(522)	(987)
Occupancy expenses	(62,567)	(60,815)
Exploration written off	(16,026)	(36,957)
Other expenses	(47,551)	(47,624)
Share based payments expense (Note 4)	(1,852,500)	-
Loss before income tax	(2,605,456)	(604,095)
Income tax benefit	-	-
Loss after tax from continuing operations	(2,605,456)	(604,095)
Other comprehensive income, net of tax	-	-
Total comprehensive income	(2,605,456)	(604,095)
Loss attributable to members of Queensland Bauxite Limited	(2,605,456)	(604,095)
Total comprehensive income attributable to members of Queensland Bauxite Limited	(2,605,456)	(604,095)
Basic earnings per share (cents per share)	(2.87)	(0.98)
Basic earnings per share from continuing operations (cents per share)	(2.87)	(0.98)
Diluted earnings per share (cents per share)	(2.87)	(0.98)
Diluted earnings per share from continuing operations (cents per share)	(2.87)	(0.98)

The accompanying notes form part of these financial statements

Condensed consolidated statement of financial position

as at 31 December 2010

	Consolidated Entity	
	31 Dec 2010 \$	30 Jun 2010 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	606,170	176,164
Trade and other receivables	109,811	50,881
Other current assets	50,856	32,644
TOTAL CURRENT ASSETS	766,837	259,689
NON-CURRENT ASSETS		
Trade and other receivables (Note 5)	1,200,000	-
Other non-current assets	8,956	4,590
Exploration and evaluation	1,989,086	1,710,686
Property, plant and equipment	71,615	322,667
TOTAL NON-CURRENT ASSETS	3,269,657	2,037,943
TOTAL ASSETS	4,036,494	2,297,632
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	146,284	327,825
TOTAL CURRENT LIABILITIES	146,284	327,825
NON-CURRENT LIABILITIES		
Other financial liabilities	53,505	-
TOTAL NON-CURRENT LIABILITIES	53,505	-
TOTAL LIABILITIES	199,789	327,825
NET ASSETS	3,836,705	1,969,807
EQUITY		
Issued capital (Note 6)	7,559,013	4,939,159
Share based payments reserve	2,928,000	1,075,500
Accumulated losses	(6,650,308)	(4,044,852)
TOTAL EQUITY	3,836,705	1,969,807

The accompanying notes form part of these financial statements.

Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2010

Consolidated Entity				
	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2009	4,704,159	(2,779,540)	948,000	2,872,619
Loss for the half-year	-	(604,095)	-	(604,095)
Total comprehensive income for the half-year	-	(604,095)	-	(604,095)
Transactions with owners in their capacity as owners				
Shares issued during the period	250,000	-	-	250,000
Transaction costs	(15,000)	-	-	(15,000)
Balance at 31 December 2009	4,939,159	(3,383,635)	948,000	2,503,524
Balance at 1 July 2010	4,939,159	(4,044,852)	1,075,500	1,969,807
Loss for the half-year	-	(2,605,456)	-	(2,605,456)
Total comprehensive income for the half-year	-	(2,605,456)	-	(2,605,456)
Transactions with owners in their capacity as owners				
Shares issued during the period	2,619,854	-	-	2,619,854
Share based payments	-	-	1,852,500	1,852,500
Balance at 31 December 2010	7,559,013	(6,650,308)	2,928,000	3,836,705

The accompanying notes form part of these financial statements.

Condensed consolidated cash flow statement

for the half-year ended 31 December 2010

	Consolidated Entity	
	31 Dec 2010 \$	31 Dec 2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	698	-
Payments to suppliers and employees	(1,207,676)	(679,922)
Interest received	9,669	8,494
Net cash outflow from operating activities	(1,197,309)	(671,428)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(17,237)	-
Exploration and evaluation expenditure	(385,448)	(104,619)
Net cash outflow from investing activities	(402,685)	(104,619)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2,030,000	250,000
Payment of share issue costs	-	(15,000)
Net cash inflow from financing activities	2,030,000	235,000
Net increase/(decrease) in cash held	430,006	(541,047)
Cash and cash equivalents at the beginning of half - year	176,164	1,053,935
Cash and cash equivalents at the end of the half – year	\$606,170	\$512,888

The accompanying notes form part of these financial statements.

Notes to the consolidated financial statements for the half-year ended 31 December 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the interim half year reporting period ended 31 December 2010 has been prepared in accordance with applicable accounting standards including Accounting Standard AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Queensland Bauxite Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

NOTE 2: SEGMENT INFORMATION

The group has applied AASB 8 *Operating Segments* from 1 July 2010. AASB 8 requires a management approach under which segment information is presented on the same bases as that used for internal reporting purposes. The Group consists of one business segment operating predominately in Australia relating to the exploration of mining tenements. It is in this manner that internal reporting is provided to the chief operating decision maker of the Group, being the Board of Queensland Bauxite Limited.

NOTE 3: LOSS FOR THE HALF-YEAR

The consolidated loss for the half-year ended 31 December 2010 was \$3,755,456

NOTE 4: SHARE BASED PAYMENTS EXPENSE

The share based payments expense for the half-year ended 31 December 2010 relates to share issues for consultancy services rendered. Share issues and related expense are as follows:

	Half-year ended 31.12.2010 \$
On 21 July 2010, the company issued 20,750,000 ordinary shares to Hartleys Limited. The share price at the date of issue was 7 cents per share.	1,452,500
On 15 December 2010, the company issued 2,000,000 ordinary shares to Cunningham Peterson Sharbanee Securities Pty Limited. The share price at the date of issue was 20 cents per share.	<u>400,000</u>
	<u>1,852,500</u>

NOTE 5 – LOAN TO VOLCAN HOLDINGS INC

The loan to Volcan Holdings Inc. is the amount that is in consideration for the purchase by Volcan Holdings of ML1492 from the Company pursuant to the transactions completed on 14th December 2010, this amount is unsecured, payable in cash within 24 months, and there is no interest payable on the loan.

NOTE 6: ISSUED CAPITALOrdinary shares

	No. As at 31.12.2010	\$ As at 31.12.2010
At the beginning of the reporting period	71,041,763	4,939,159
Shares issued during the half-year		
Shares issued for cash		
21 July 2010	29,000,000	2,030,000
Shares issued to purchase assets		
21 July 2010	65,000,000	79,095
15 December 2010	40,000,000	490,986
15 December 2010	15,000,000	19,773
Share based payments (refer note 4)		
21 July 2010	20,750,000	
15 December 2010	2,000,000	
At reporting date	242,791,763	7,559,013

NOTE 7: RELATED PARTY TRANSACTIONS

Identity of related parties

The Group has related party relationships with its key management personnel.

The Company and Australian Gemstone Mining Pty Limited (**AGMPL**) are parties to a management services agreement (**Management Services Agreement**) dated 1 July 2007, for the provision by AGMPL of executive and corporate services, including geological and technical expertise, to the Company by the following executives:

- Pnina Feldman – Executive Director, Business Development;
- Simon Pecover – Head Geologist, Exploration and Mining; and
- Sholom Feldman – Chief Executive Officer and Company Secretary.

In respect of each of these executives (**Key Management Personnel**), AGMPL was paid a retainer for the half-year ended 31 December 2010. The Company was also reimbursed for all reasonable expenses incurred by or on behalf of the Key Persons.

AGMPL is a company owned and controlled by Pnina Feldman.

Each of Pnina Feldman, Simon Pecover and Sholom Feldman has entered into an executive services agreement with AGMPL. Each of these executive services agreements contains standard provisions dealing with employment obligations and standard covenants dealing with general duties and the protection of AGMPL's interests and mirrors the Management Services Agreement in respect of termination provisions.

AGMPL also provided suitable fully serviced offices to the Company at its Sydney CBD offices at Level 34, 50 Bridge Street, which includes use of office space, the board room, kitchen, access to a full time receptionist, daily cleaning, and essential office infrastructure, including telephones, fax, printer, broadband internet connections and suitable office furniture.

AGMPL also provided additional administrative services to the Company, such as secretarial, accounting and office management services. These services were provided to the Company by AGMPL on reasonable arm's length terms as approved by the independent director(s).

	Half-year ended 31.12.2010	Half-year ended 31.12.2009
	\$	\$
Consulting services	30,000	-
Rent	62,567	60,780
Management and secretarial	48,200	65,142
Exploration and geological	67,480	81,789
Executive and corporate Services	160,668	160,668
Reimbursement of expenses	<u>18,003</u>	<u>22,579</u>
Total	<u>386,918</u>	<u>390,958</u>

The Company paid directors' fees of \$25,000 to the non-executive director, Paul Stephenson, during the half-year ended 31 December 2010.

The Company paid consulting fees of \$105,167 to the non-executive director, David Austin, during the half-year ended 31 December 2010, for legal services charged on normal commercial terms and conditions.

The Company engaged HWL Ebsworth Lawyers to provide legal, contractual and consulting services on a fee for service basis at commercial rates. Paul Stephenson, a director of the Company, is a partner in HWL Ebsworth. During the half-year ended 31 December 2010, HWL Ebsworth was paid \$40,068 (2009 \$20,046) for these services. Paul Stephenson does not personally provide legal services to the Company through HWL Ebsworth.

NOTE 8: EVENTS SUBSEQUENT TO BALANCE DATE

Offer to purchase Broads Dam Gold Project tenements

Agreement was reached with Phoenix Gold Limited (Phoenix) on 27 January 2011, for Phoenix to purchase the Broads Dam Gold Project tenements located in the Kalgoorlie Goldfields region for \$2,500,000.

Equity raising

On 17 February 2011, the company issued 28,571,429 ordinary shares at an issue price of 21 cents per share to raise \$6,000,000 in share capital. The company also issued 5,000,000 options exercisable at 25 cents before 30.06.2014.

Change of name

The shareholders at the general meeting held on 17 February 2011 gave approval for the company to change its name to Queensland Bauxite Limited.

Since 31 December 2010 there have been no other transactions or events of a material and unusual nature likely, in the opinion of the Directors of the company to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' Declaration

In the opinion of the directors of Queensland Bauxite Limited ("the Company")

- (a) the financial statements and notes set out on pages 20 to 26 are in accordance with the Corporations Act 2001, including:
 - (i) complying with the Accounting Standard, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance for the half-year then ended.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in black ink, reading "Pnina Feldman". The signature is written in a cursive, flowing style.

Pnina Feldman
Chairman

Sydney
15th March 2011

**INDEPENDENT AUDITORS' REVIEW REPORT
TO THE MEMBERS OF QUEENSLAND BAUXITE LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Queensland Bauxite Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2010, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information (notes 1 to 8) and the directors' declaration (set out on pages 20 to 27) of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Queensland Bauxite Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**INDEPENDENT AUDITORS' REVIEW REPORT
TO MEMBERS OF QUEENSLAND BAUXITE LIMITED
(CONTINUED)**

Statement of Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Queensland Bauxite Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Nexia Court & Co.

Nexia Court & Co
Chartered Accountants

Sydney

Dated: 15 March 2011

David Gallery

David Gallery
Partner

