

29 April 2011

MARCH 2011 QUARTERLY REPORT

Highlights

- Maiden drilling programmes to commence in early May
- Appointment of bauxite veteran Russell Williams as Director
- \$6 million capital raising fully funds bauxite exploration programmes
- Portfolio of bauxite prospective terrain increased to in excess of 7,180km² through the addition of 8 new exploration tenement applications in Southern Queensland
- Extensive fieldwork undertaken for further drill target selection
- Further community and landholder consultation completed
- Brad Perry appointed as Land Manager to oversee community consultations

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 31 March 2011 and on subsequent events.

Extensive Drilling to Commence at the Queensland Bauxite Projects

During the March Quarter, QBL completed a tender process to select an experienced drilling company that QBL considered would perform to industry and QBL standards in relation to quality control, OH&S, the environment, aboriginal heritage and landholder courtesy.

QBL has contracted Underdale Drillers to commence drilling operations in the second week of May. Over the last 12 months Underdale Drillers have supplied 2 drill rigs and crews to Australian Bauxite Limited for drilling operations in Queensland, New South Wales and Tasmania. Underdale Drillers have gained extensive experience in drilling bauxite mineralisation and this additional experience will benefit QBL as it embarks on its extensive bauxite drilling operations.

QBL is very pleased to be commencing its maiden drilling programmes; delayed by the effects of the severe Cyclone Yasi on Queensland.

Drilling is planned to commence at the South Queensland Kingaroy Project where an extensive bauxite drilling programme will be carried out to cover many of the main target areas to assess the bauxite mineralisation and distribution. The initial drilling programme will involve wide spaced drilling. Once the results are analysed, the Company will then assess which areas are to be prioritised for further drilling aimed at resource definition. The initial drill programmes will use aircore drilling (see example in Figure 2 below), which will have minimal to no impact for landowners. All drill sites will be restored after work has completed.

Following the completion of the initial drilling at Kingaroy the drill rig will move to the South Johnstone Project in North Queensland to further evaluate the extent of bauxite mineralisation with an aim to define a JORC compliant resource. The South Johnstone Project is located less than 20km from the Mourilyan Deep Water Port which has capacity to potentially handle the shipping of millions of tonnes of bauxite annually.

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Appointment of Russell Williams as Non-Executive Director

On 18th April, the Company appointed Russell Williams as Non Executive Director. He brings to QBL a wealth of experience in the bauxite and alumina industry in Australia, Africa and South America.

Mr Williams is a qualified mechanical engineer with over 30 years experience in the bauxite and alumina industry, in various roles for Alcoa Inc. In his final three years with Alcoa, Mr Williams was President of Boke Services, the managing company of Company Bauxite de Guinee (CBG) (Alcoa JV), and in that role was responsible for all activity at the operation that ships over 13 million tonnes of bauxite per year.

Prior to this role, Mr Williams was involved in all aspects of bauxite production for Alcoa Inc ranging from exploration through to project development and operations. He managed the West Australian bauxite mining operations at the Huntly Mine which in 1999 was producing 11 million tonnes of bauxite per year and is now producing in excess of 23 million tones. He then had oversight of all of Alcoa's global mining activity in Brazil, Jamaica and Suriname, During this period he was also responsible for the initial development and growth of the bauxite resource of the Juruti bauxite mine in Brazil which was commissioned two years ago and now ships 4 million tonnes of bauxite per year.

Mr Williams has a proven record of bauxite production and operations management. He will be a key addition to the QBL Board.

This appointment is a significant step towards the company securing a world class board and management team to drive QBL forward to achieve its goals of becoming a leading Australian bauxite company.

\$6 Million Capital Raising Completed

In February 2011, QBL raised \$6 million through a placement of 28,571,429 fully paid ordinary shares to sophisticated and professional investors, pursuant to the Company's 15% capacity under ASX Listing Rule 7.1. The proceeds from the placement will be utilised for accelerated exploration activities at the Company's North and South Queensland Projects and for working capital requirements.

The capital raising during the quarter ensured that QBL is very well funded for the Company's drilling programmes throughout 2011 and beyond.

QBL Secures 8 New Exploration Tenement Applications in South Queensland

The Queensland Department of Mines and Energy has accepted QBL's applications for an additional eight exploration licenses (EPM19067, 19068, 19069, 19071, 19072, 19073 19078, 19079) within the East Australian Bauxite Province (see Figure 1 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 Projects.

Upon granting of these eight tenements QBL will hold 32 exploration licenses in Queensland for a combined bauxite prospective landholding of over 7,180km².

Community & Landholder Consultation

QBL takes community issues and consultation very seriously and to that end a series of landowner meetings were organised for the Kingaroy District to inform the landowners of QBL's proposed exploration program. During the meetings QBL outlined the drilling methodology in detail and highlighted that the drilling will be low impact.

During the community consultation phase the CEO's of the South Burnett Shire and Bunya Wakka Wakka Cultural Heritage Aboriginal Corporation were also briefed as to QBL's planned exploration programmes as they represent key stakeholders in the area. There is no Native Title over the granted tenements either on the South Johnstone Project or the South Queensland Projects. However QBL still has Queensland heritage obligations which require the Company to compile a list of known sites of significance. QBL has compiled the list and continues to consult with the traditional owners to ascertain the existence of sites of significance not documented.

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

Appointment of Land Manager

As QBL will be dealing with a large number of landowners the decision was made to appoint an experienced Land Manager to oversee community consultations. Brad Perry, of Perry Projects, who specialises in community engagement has been appointed as QBL's Land Manager. Brad has extensive experience with community consultation and has managed stakeholder negotiations for several large infrastructure projects in Queensland.

Activity and Further Information

Over the quarter, in preparation for a drilling programme all historical analyses have been compiled and high priority bauxite outcrops surveyed in addition to assembling a project crew to manage the drilling operations.

The bauxite observed within the South Queensland and Kingaroy Projects 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 in Western Australia also due to a lateritisation process. 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.

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: ABZ) 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% (ABZ - ASX announcement 13 August 2010).

Based on those results and the mapping undertaken 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.

In addition, based on historical work and mapping, QBL has an Exploration Target* at the North Queensland Project's of 200Mt to 250Mt with an acid soluble alumina range of range of 31% to 40%.

GOLD PROJECTS

QBL 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.

As announced on the 31st January 2011, QBL has signed a Letter of Agreement with ASX-listed Phoenix Gold Limited ("PXG" or "Phoenix") 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 Broads Dam 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 the formal Sale Agreement in May. 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.

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

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**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). Dr Coenraads is a fellow of the Australasian Institute of Mining and Metallurgy And Mr Mark Derriman (BAppSC Hons, MAppSc, MBA). 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 Queensland Bauxite Limited. 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.

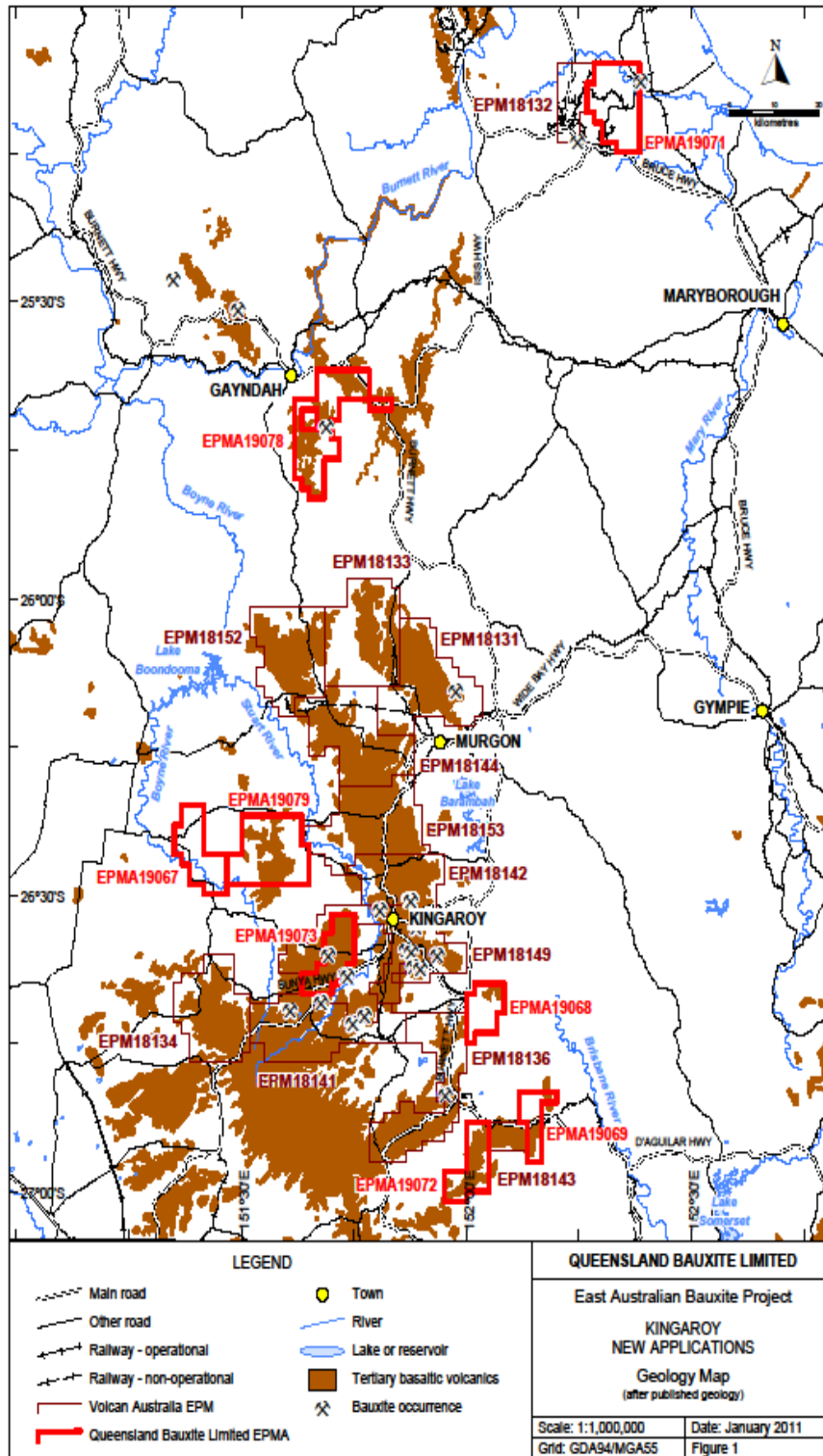


Figure 1: Kingaroy Project –New Tenement Applications



Figure 2: Underdale Drillers – Aircore Drilling Rig

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 Mar 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (9 months) \$A'ooo
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	-510 -244	-944 -1,359
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	28	34
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material) Reimbursement of Exploration Expense	-	81
	Net Operating Cash Flows	-726	-2,188
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	-26	-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)		
	Net investing cash flows	-26	34
1.13	Total operating and investing cash flows (carried forward)	-752	-2,154

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	-752	-2,154
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	5,498	7,328
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		2
1.19	Other (provide details if material)		
	Net financing cash flows	5,498	7,330
	Net increase (decrease) in cash held	4,746	5,176
1.20	Cash at beginning of quarter/year to date	606	176
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	5,352	5,352

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	254
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'ooo	Amount used \$A'ooo
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'ooo
4.1 Exploration and evaluation	500
4.2 Development	
4.3 Production	
4.4 Administration	300
Total	800

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'ooo	Previous quarter \$A'ooo
5.1 Cash on hand and at bank	5,212	446
5.2 Deposits at call	140	160
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	5,352	606

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	EPM19067 19068, 19069, 19071, 19072, 19073 19078, 19079	80% of application	0	80% of application
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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	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	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	+Convertible debt securities (description)				
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	Options (description and conversion factor)	45,291,763 5,000,000 Performance Options 5,000,000 Performance Options 65,000,000 Performance Options 1,000,000 Performance Options 1,000,000 Performance Options 1,000,000 Options 5,000,000	Nil Nil Nil Nil Nil Nil Nil Nil	Exercise price \$0.20 \$0.20 \$0.30 \$0.05 \$0.25 \$0.35 \$0.45 \$0.25	Expiry date 31/12/2012 31/12/2012 31/12/2012 31/12/2015 31/12/2015 31/12/2015 31/12/2015 31/12/2015 30/06/2014
7.8	Issued during quarter	1,000,000 1,000,000 1,000,000 5,000,000	Nil Nil Nil Nil	\$0.25 \$0.35 \$0.45 \$0.25	31/12/2015 31/12/2015 31/12/2015 30/06/2014
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (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 April 2010
 (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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