

30 September 2011

EXPLORATION UPDATE

- **Drilling at QBL's high priority South Johnstone Project in North Queensland to commence next week – targeting in excess of 1,000m of aircore drilling**
- **Maiden drill program at the Kingaroy Project in South Queensland completed**
- **Exploration knowledge has advanced significantly and work continues in South Queensland in preparation for the next drill program**

Drilling to commence at the South Johnstone Project, North Queensland

Queensland Bauxite Limited (“**QBL**” or “the **Company**”) is pleased to advise drilling is set to commence next week at the South Johnstone Project in North Queensland to assess the extent of bauxite mineralisation with an aim to define a JORC compliant resource. The South Johnstone Project is ideally located less than 20km from the Mourilyan Deep Water Port which has the capacity to potentially handle the shipping of millions of tonnes of bauxite annually.

Within the Company's South Johnstone Project, Carpentaria Exploration Pty Ltd (“**CEC**”) identified a potential exploration target area in excess of 200 million tonnes¹ based on drilling of an area of high iron bauxite with an average grade of 35% acid soluble Al_2O_3 . Within the Company's Ravenshoe East Project (to be drilled after South Johnstone), CEC drilled 3 holes and identified a potential exploration target in excess of 9 million tonnes¹ based on drilling an area with an average grade of 35% acid soluble Al_2O_3 .

A program in excess of 1000m of air core drilling is planned for the South Johnstone, Ravenshoe East and Atherton Projects. The initial drilling will be to twin the CEC drill holes and confirm the recorded 1961 results. This drilling will be followed by a systematic pattern of roadside drilling to determine the extent of bauxite mineralisation.

¹ There has been insufficient exploration to define a Mineral Resource and, as with all exploration, it is uncertain if further exploration will result in the determination of a Mineral Resource (see Appendix 1 for further details).

Kingaroy Project, South Queensland

QBL has completed its first stage exploratory drilling program at its Kingaroy Project in South Queensland.

QBL has completed 123 drill holes for a 1,077 metre aircore drilling program at the Kingaroy Project (see Figure 1 below) as part of a staged approach working towards a grid based drill program aimed at locating and ultimately defining quality JORC compliant bauxite resources.

To reduce the costs associated with unnecessary laboratory analysis, QBL utilized innovative Innovex XRF analyses² over the majority of the completed aircore drill holes to determine which were suitable for further analysis at ALS Laboratories (ALS). Innovex XRF analyses were collected at the Kingaroy Project which involved the

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sampling of 75 aircore drill holes (average depth of 9m) from the 123 hole drill program. The aircore samples were collected in chip trays and the Innovex XRF instrument collected readings from every half meter interval. Based on Innovex XRF analysis the maximum percentage Al_2O_3 reading was 47.2% and the minimum percentage SiO_2 reading was 10.7%. Very often the actual reactive silica content is lower than the total silica content. High quality bauxite typically requires high grades of available alumina (Al_2O_3) and low levels of reactive silica.

Of the holes drilled and Innovex XRF analysed, samples from 14 holes were submitted to ALS in Brisbane for multi element XRF analyses. From the small subset of samples sent to ALS the maximum percentage Al_2O_3 was 33.8% and the minimum percentage SiO_2 was 18.2%, with significant results including:

Hole Number	Total Depth	Interval From	Interval To	Intersection	Al_2O_3	SiO_2	A/S
#	(m)	(m)	(m)	(m)	%	%	
KR28	4	0	2	2	33.8	18.2	1.8
KR93	16	1.5	4	2.5	35.4	27.3	1.3
KR10	14.5	1	1.5	0.5	36.3	27.9	1.3
KR1	9	3	4	1	33.8	22.1	1.5

² An orientation study of 4 holes where ALS analysis and Innovex XRF analysis had been collected indicated that for percentage SiO_2 and percentage Al_2O_3 the correlation coefficient was in excess of 0.8 (1.0 being a perfect correlation)

In addition to the XRF analyses 5 samples from hole KR93 (1.5-4m) were submitted to ALS for a low temperature leach to measure available Al_2O_3 and reactive SiO_2 (Leach conditions – 1g leached in 10ml of 90gpl NaOH at 143 degrees for 30 minutes). The results from the low temperature leach are as follows:

Hole Number	Total Depth	Interval From	Interval To	Intersection	avlAl	rxSi
#	(m)	(m)	(m)	(m)	%	%
KR93	16	1.5	4	2.5	24.4	10.5

The Company's strategy has been to systematically complete a staged approach working towards a grid based drill program aimed at locating and targeting the higher grade deposits, and ultimately defining JORC compliant bauxite resources. These results have demonstrated the high correlation between ALS lab results and Innovex XRF technology results which has provided QBL with confidence to use the Innovex XRF unit as an exploration tool to locate areas with high Al_2O_3 and low SiO_2 in a cost effective manner.

The knowledge gained from the Company's drilling and geochemical sampling to date will be used to fine tune target selection for future QBL drill programs. Once the results are further interpreted, the Company will assess which areas are to be prioritised for further drilling.

Innovex Sampling of Historic Kingaroy Bauxite Locations & Next Drilling Campaign

In addition to QBL's recently completed 123 hole aircore drill program, the Company carried out preliminary Innovex XRF surface sampling at the Kingaroy Project and collected 138 individual readings. In addition selected samples were submitted to ALS for a low temperature leach to determine %avlAl and %rxSi (for leach conditions see above). The most significant results are shown below:

Sample	Tenement	%AL ₂ O ₃	%SiO ₂	A/S	%avlAl	%rxSi
Kin 13	19078	55.9	2.7	20.7	36.4	1.4
P3	18136	46.8	5.7	8.2		
HB8	18142	61.2	13.3	4.6	16.6	7.6

The combination of these XRF surface sampling results and historic exploration commissioned by the Queensland government some time ago provides QBL with a high level of confidence for future drill programs.

The aircore drill rig has now been mobilised from the Kingaroy Project in South Queensland to QBL's projects in North Queensland for the next round of drilling (see details below). Following the completion of drilling in North Queensland the drill rig will move back to South Queensland and a program of around 1000m is planned to follow up significant surface results from the Innovex sampling as well as areas of historic bauxite mineralisation. Geological mapping carried out by the Company has increased the area of known bauxite mineralisation which will also be tested by the next phase of drilling in South Queensland.

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 positioned itself before the predicted rise in bauxite prices.

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 Mr Mark Derriman (BAppSC Hons, MAppSc, MBA). Mr Derriman is a member of the Australian Institute of Geoscientists. Mr Derriman is a full time employee of QBL. Mr Derriman has 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". Mr Derriman consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

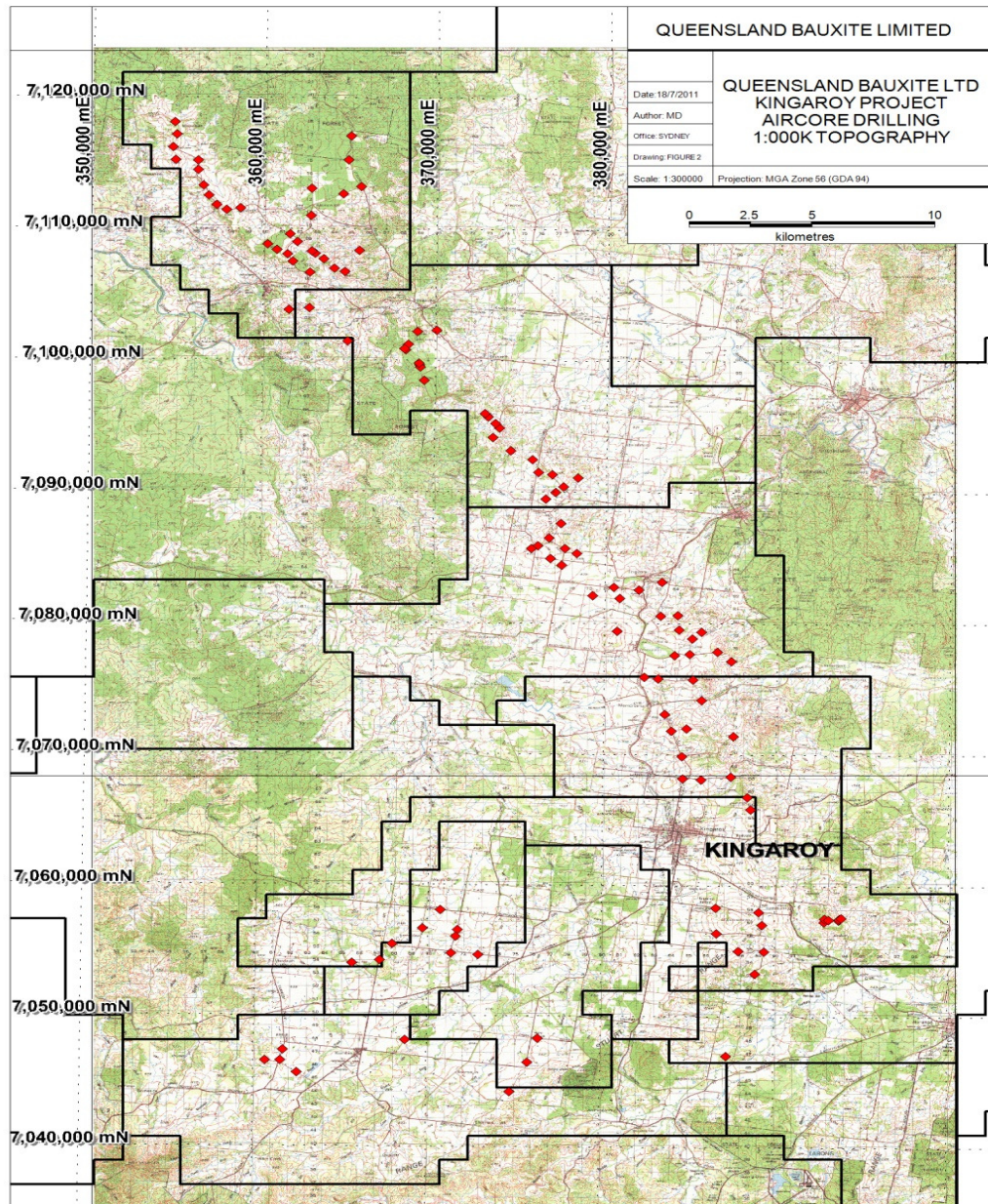


Figure 1: Aircore Drilling Program – Kingaroy Project, South Queensland

Appendix 1.

- There has been insufficient exploration to define a Mineral Resource and, as with all exploration, it is uncertain if further exploration will result in the determination of a Mineral Resource. Although the stated potential quantity and grade is conceptual in nature, the historic exploration drilling reported by CEC gives the Company a high level of confidence to achieve significant exploration success
- Within the Company's South Johnstone tenement, CEC identified a potential exploration target area of 43 million tonnes based on drilling an area of high iron bauxite with an average grade of 35% acid soluble Al_2O_3 , and with further drilling, can be extended approximately five times (Znebejanek, 1961). The area is approximately 6km from South Johnstone township and close to major transport links and port facilities
- Within the Company's Ravenshoe East tenements, CEC drilled 3 holes in weathered decomposed basalt approximately 6km east of Ravenshoe on the Malaan Road and identified a potential exploration target area reported to contain 9 million tonnes based on drilling an area with an average grade of 35% acid soluble Al_2O_3 , and may be extended approximately by half with further prospecting (Znebejanek, 1961)
- According to Carter (1961), all Al_2O_3 assays quoted in CEC reports refer to "acid soluble alumina". These reports were prepared prior to the JORC code for reporting of resources coming in to existence. As such, QBL intends to re-drill and re-assay these areas to achieve a JORC compliant resource