31 January 2012

DECEMBER 2011 QUARTERLY REPORT

Highlights

- Further drilling programme completed at South Johnstone and Ravenshoe East projects
- PIMA study completed on selected South Johnstone and Ravenshoe East drill samples
- New geologist Michael Winternitz employed in January 2012

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 December 2011.

Initial Drilling Completed at North Queensland Projects

QBL has 5 Exploration Permits (total area of 1,213km^2) in North Queensland **(Figure 1)** which are currently being explored for bauxite mineralisation.

During the current quarter 14 holes (RAAC001 to 014) were drilled within the Ravenshoe East Project for 84m advance and 60 holes (SJAC001 to SJAC061) were drilled with the South Johnstone Project for an advance of 455.7m. Drill collars for the South Johnstone and Ravenshoe projects are shown in **Figures 2 and 3** with a photo of the drill intervals for SJAC061 included as **Figure 4** and drilling in progress as **Figures 5 & 6**.

Selected samples form the Ravenshoe East and South Johnstone Projects will be sent to ALS in Brisbane for %rxSi and %avlAl using pressurized microwave digestion in NaOH, chemical separation and ICPAES analyses. Results are expected in the current Quarter.

Negotiations are currently underway for drilling access to some of the key prospective targets within the project area, to enable the next round of drilling.

Pima Study Completed at South Johnstone and Ravenshoe East Projects

The mineral composition of 266 bauxite samples (27 drill holes) was determined by shortwave infrared analysis (an upgraded PIMA II). The spectra are dominated by absorption bands attributable Kaolinite and / or Gibbsite. This mineralogy was visually derived and along with the Kaolinite Crystallinity (KX) presented as logs.

Gibbsite tended to occur in the top 3-5 meters of most holes. Gibbsite abundance tended to decrease with increasing depth down hole.

Kaolinite (Fe rich) was observed throughout the profile of each drill hole. Spectral parameters were used to simplify complex spectra. Kaolinite Crystallinity (Kaolinite_KX) was determined by a scheme that uses the curve slope parameters near 2160nm and 2180nm which characterised the diagnostic kaolinite doublet.

The Kaolinite indicates predominantly transported material.
Almost all observed Gibbsite is associated with K3 Kaolinites.

Level 34, 50 Bridge St
Sydney NSW 2000
Ph 61 2 8216 0777
Fax 61 2 8216 0788
Email info@queenslandbauxite.com.au
ABN 18 124 873 507

www.queenslandbauxite.com.au

Further analyses will be taking place in the further prospective areas following the upcoming drilling programme, once access has been secured for the further drilling.

South Queensland Project - Kingaroy

As reported previously, in addition to QBL's recently completed aircore drill program the Company carried out preliminary Innovex XRF surface sampling at the Kingaroy Area and collected 138 individual readings during the September Quarter. In addition selected samples were submitted to ALS for a low temperature leach to determine %avlAl and %rxSi (for leach conditions see above).

The results of these field sampling programmes clearly identified 3 distinct areas of high grade gibbsite mineralization, and particularly the Kinellan and Ban Ban Springs project areas. QBL has been negotiating drilling access to both the Kinellan and Ban Ban Springs project areas to further evaluate the full bauxite/laterite ridge. Due to minor environmental impact issues, access has been delayed, but it is anticipated that access will be secured for drilling in the upcoming quarter.

The most significant results from these sampling programmes are shown below:

Sample	Tenement	%AL_2O_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

These results are in addition to the "bauxite search" commissioned by the Queensland Government during the 1940's aimed at locating potential bauxite mineralisation for future development. At the historical (1946) bauxite locations in and around Kingaroy a total of 35 sites were visited and sampled with the Innovex XRF unit.
Two sites had visible gibbsite mineralisation set in a red ferruginous matrix. Results for three of the sample areas are shown below:

- Sample from 4km north west of Kingaroy returned 49.7% Al_2O_3 and 1.6% SiO_2
- Sample from 10km north of Kingaroy returned 23.8% Al_2O_3 and 5.7% SiO_2
- Sample from 20km south of Kingaroy returned 46.8% Al_2O_3 and 5.7% SiO_2

At Ban Ban Springs, the sampling targeted a historic bauxite location sampled by Queensland geologists in 1946. The 1946 sample results are shown below:

	360/GS	361/GS	363/GS
% Alumina (Alkalai Soluble)	31.2	42.1	38.4
% Silica (Alkalai Soluble)	1.6	1.4	
% Total Alumina as Al_2O_3	43.2	45.3	40.1
%Total Silica as Si_2O_3	9	2.4	1.6
% Total Iron as Fe_2O_3	25	24.5	30.2
% Titania			5.9

Table 2: *Historical Ban Ban Springs Bauxite Rock Chip Analyses*

The government alkalai soluble analysis of the samples involved treatment in an autoclave at a pressure of 5 atmospheres for half an hour with a caustic soda density of 1.45. The arcuate bauxite/laterite ridge is approximately 2.5km in length at elevations between 400 and 450m ASL and Innovex sampling has been carried out along a central 750m portion. Results returned from ALS laboratories of the available alumina and reactive silica content included samples with the following high grade analyses:

- sample BS2b returned 34.8% available alumina and 1.6% reactive silica; and
- sample KN14 returned 36.4% available alumina and 1.4% reactive silica

In contrast the Innovex sampling of the same area returned 56.7% Al_2O_3 and 5.2% SiO_2 for sample KN14 and 29.1% Al_2O_3 and 4.8% SiO_2 for sample BS2B.

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 its planned drill programs.

QBL Employs New Project Geologist

Michael Winternitz commenced employment as Project Geologist on 9th January 2012. Michael has 2 years practical experience in the gold (Hill End) and mineral industries (Murray Basin) prior to joining QBL in January. His recent air core drill supervision will assist him to manage QBL's current drilling operations.

Occupational Health & Safety

There were no incidents or accidents during the Quarter.

Plans for March 2012 Quarter

During the March Quarter the following work is planned:

- Negotiate and finalise access agreements for the identified high priority drilling targets;
- Follow up aircore drilling at the now identified high priority target areas on the Kingaroy and South Johnstone Projects;
- Commence initial drilling programme at the Pittsworth Project in South East Queensland;
- Ongoing infrastructure studies with a view to securing access to infrastructure and ports;
- Ongoing geological mapping and surficial sampling at all projects; and
- Ongoing negotiations with major international bauxite consumers with a view to securing offtake agreements and development partnerships.

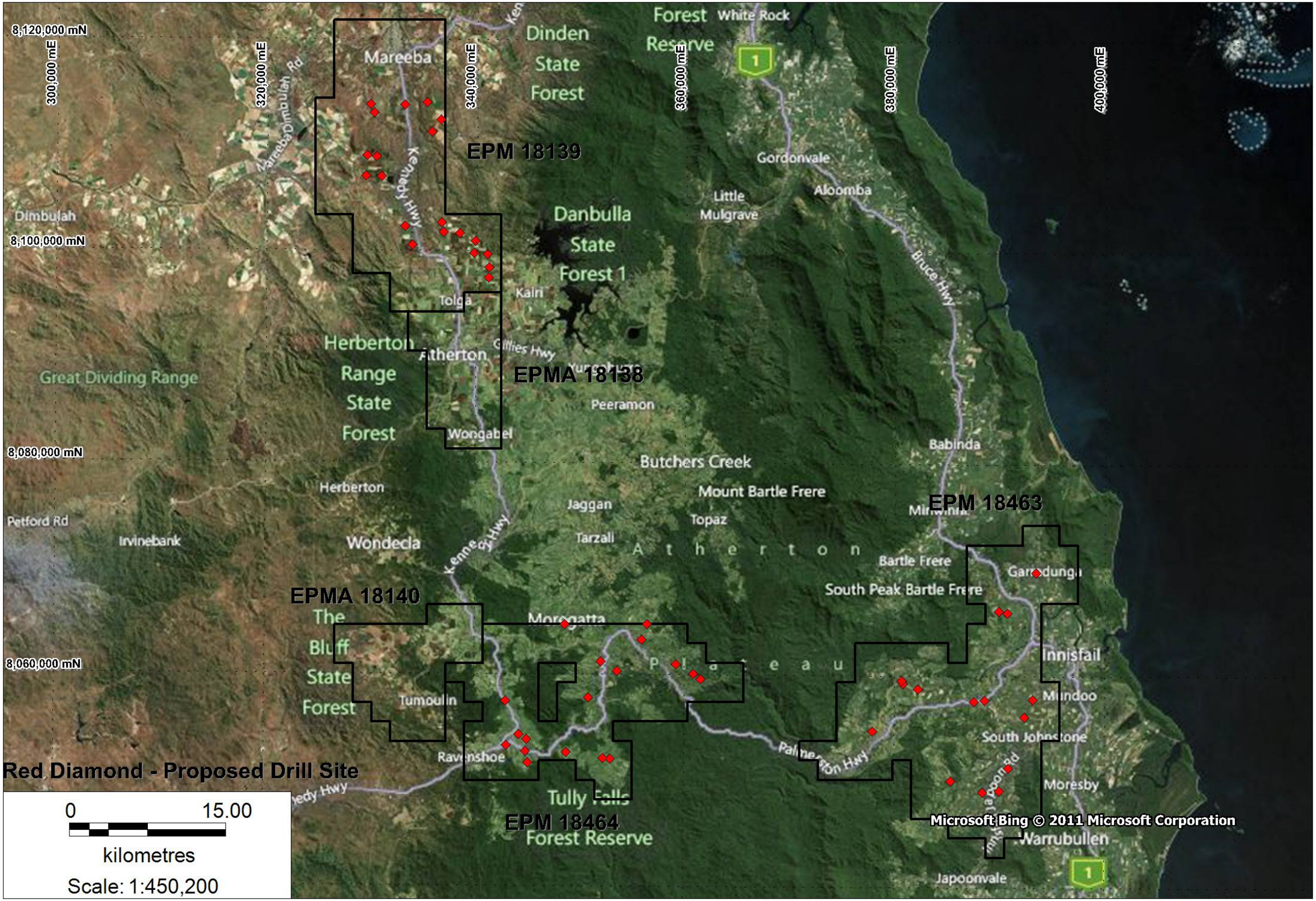
For further information please visit the company's website at **www.queenslandbauxite.com.au** or contact:

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

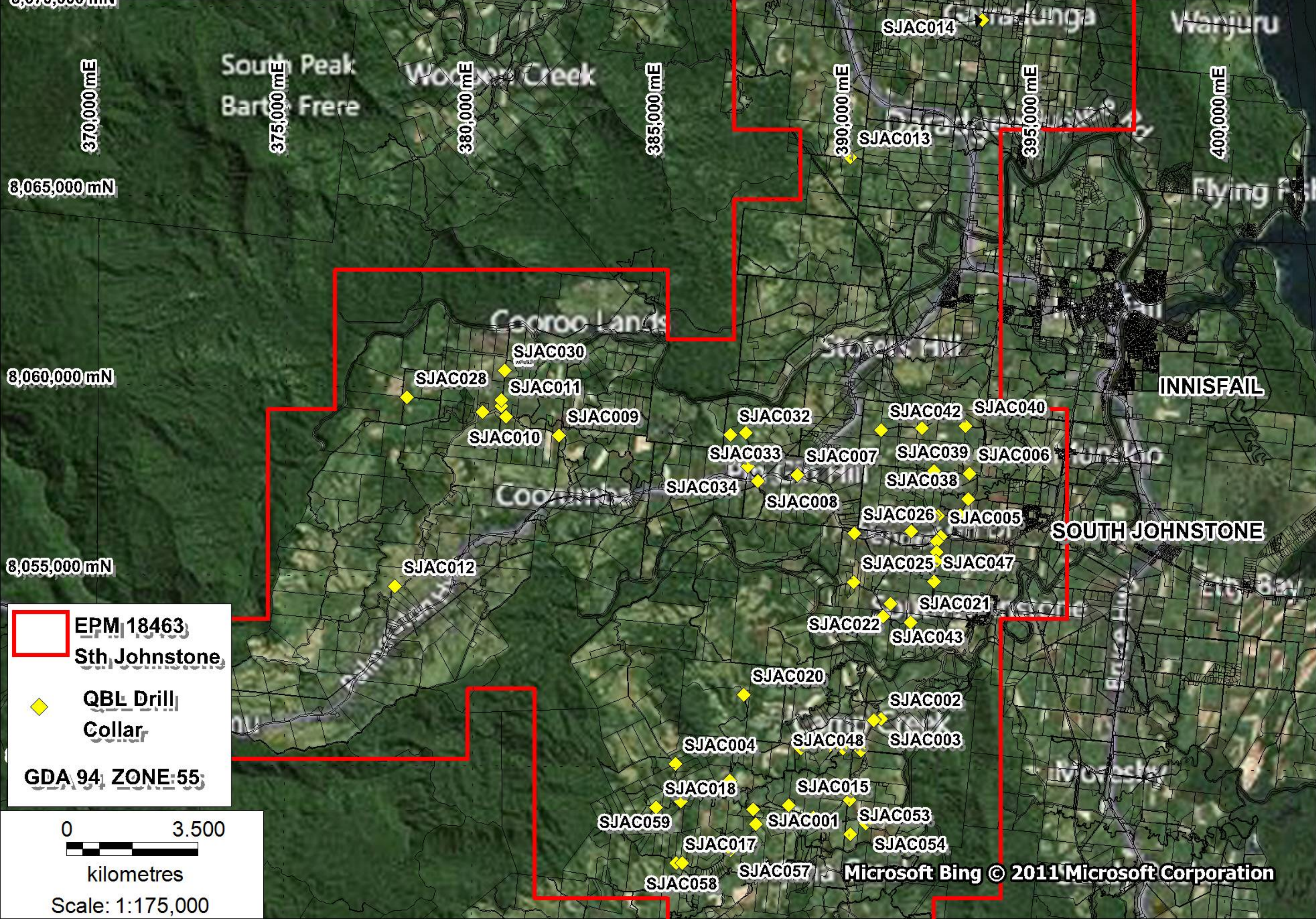
Mark Derriman
Chief Operations Officer
Level 34, 50 Bridge Street
Sydney, NSW 2000
Phone +61 (2) 8216 0777
E: mderriman@queenslandbauxite.com.au
Web: www.queenslandbauxite.com.au

**any references (if made) 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*

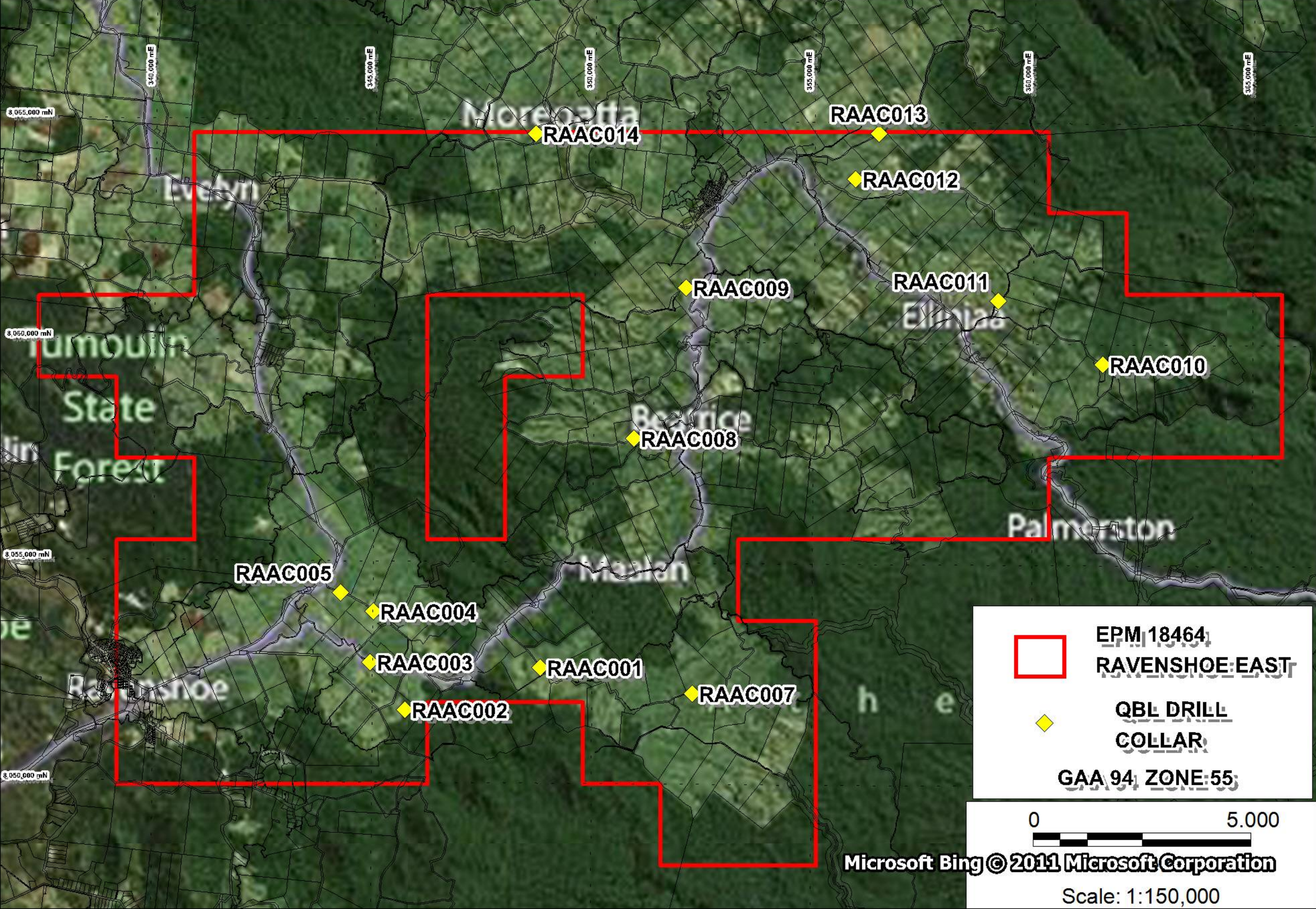
Any information in this report that may relate to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled Mr Mark Derriman (BAppSC Hons, MAppSc, and MBA). Mr Derriman is a member of the Australian Institute of Geoscientists. Mr Mark Derriman is a full time employee of Queensland Bauxite Limited. Mr Mark 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 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.



8,120,000 mN
8,100,000 mN
8,080,000 mN
8,060,000 mN
300,000 mE
320,000 mE
340,000 mE
360,000 mE
380,000 mE
400,000 mE
EPM 18139
EPMA 18138
EPM 18463
EPMA 18140
EPM 18464
Mareeba
Dinden
State
Forest
Forest
Reserve
White Rock
Gordonvale
Aloomba
Little
Mulgrave
Danbulla
State
Forest 1
Dimbulah
Kennedy Hwy
Tolga
Kairi
Herberton
Range
State
Forest
Atherton
Gillies Hwy
Great Dividing Range
Peeramon
Wongabel
Butchers Creek
Babinda
Herberton
Mount Bartle Frere
Jaggan
Topaz
Petford Rd
Irvinebank
Wondecla
Tarzali
A t h e r t o n
Bartle Frere
Garradunga
South Peak Bartle Frere
The
Bluff
State
Forest
Innisfail
Tumoulin
Mundoo
South Johnstone
Ravenshoe
Palmerston Hwy
Moresby
Tully Falls
Forest Reserve
Warrubullen
Japoonvale
Microsoft Bing © 2011 Microsoft Corporation
Red Diamond - Proposed Drill Site
0
15.00
kilometres
Scale: 1:450,200



370,000 mE
375,000 mE
380,000 mE
385,000 mE
390,000 mE
395,000 mE
400,000 mE
8,065,000 mN
8,060,000 mN
8,055,000 mN
INNISFAIL
SOUTH JOHNSTONE
SJAC014
SJAC013
SJAC030
SJAC028
SJAC011
SJAC009
SJAC010
SJAC032
SJAC033
SJAC007
SJAC034
SJAC008
SJAC042
SJAC040
SJAC039
SJAC006
SJAC038
SJAC026
SJAC005
SJAC025
SJAC047
SJAC012
SJAC021
SJAC022
SJAC043
SJAC020
SJAC002
SJAC003
SJAC004
SJAC048
SJAC018
SJAC015
SJAC059
SJAC001
SJAC053
SJAC054
SJAC017
SJAC057
SJAC058
EPM 18463
Sth Johnstone
QBL Drill
Collar
GDA 94 ZONE 55
0
3.500
kilometres
Scale: 1:175,000
Microsoft Bing © 2011 Microsoft Corporation


340,000 mE
345,000 mE
350,000 mE
355,000 mE
360,000 mE
365,000 mE
8,065,000 mN
8,060,000 mN
8,055,000 mN
8,050,000 mN
RAAC013
RAAC014
RAAC012
Evelyn
RAAC009
RAAC011
RAAC010
State
RAAC008
Forest
Palmerston
RAAC005
RAAC004
RAAC003
RAAC001
RAAC007
RAAC002
EPM 18464
RAVENSHOE EAST
QBL DRILL
COLLAR
GAA 94 ZONE 55
0
5,000
Microsoft Bing © 2011 Microsoft Corporation
Scale: 1:150,000


SJAC 61 0-1
1-2
2-3
3-4
4-5
5-6
6-7
7-8
8-9
9-10
10-11
11-12
12-13
13-14
14-15
15-16
16-17
17-18
18-19
19-20
SJAC 061
0-20m
BOREHOLE WIRELINE
"For Logging & Interpretation Service"
www.borehole-wireline.com.au
Phone: 08 8351 3255

1Rule 5.3

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	Quarter ended ("current quarter")
18 124 873 507	31 December 2011

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (6 months) $A'000
1.1	Receipts from product sales and related debtors		155
1.2	Payments for (a) exploration & evaluation	-740	-1278
	(b) development		
	(c) production		
	(d) administration	-457	-798
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	97	174
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		
	Net Operating Cash Flows	-1100	-1747
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments	1712	2112
	(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		
1.12	Other (provide details if material)		
	Net investing cash flows	1712	2112
1.13	Total operating and investing cash flows (carried forward)	612	365

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	612	365
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
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		
	Net increase (decrease) in cash held	612	365
1.20	Cash at beginning of quarter/year to date	4207	4454
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	4819	4819

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	105
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	500
4.2	Development	
4.3	Production	
4.4	Administration	350
	Total	**850**

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	4679	4067
5.2	Deposits at call	140	140
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	4819	4207

+ See chapter 19 for defined terms.

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				
6.2	Interests in mining tenements acquired or increased				

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				

+ See chapter 19 for defined terms.

7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
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* *30/06/2014*
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
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: 31 January 2012
(Company secretary)

Print name: Sholom 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.

== == == == ==

+ See chapter 19 for defined terms.