

31st October 2012

SEPTEMBER 2012 QUARTERLY REPORT

Highlights

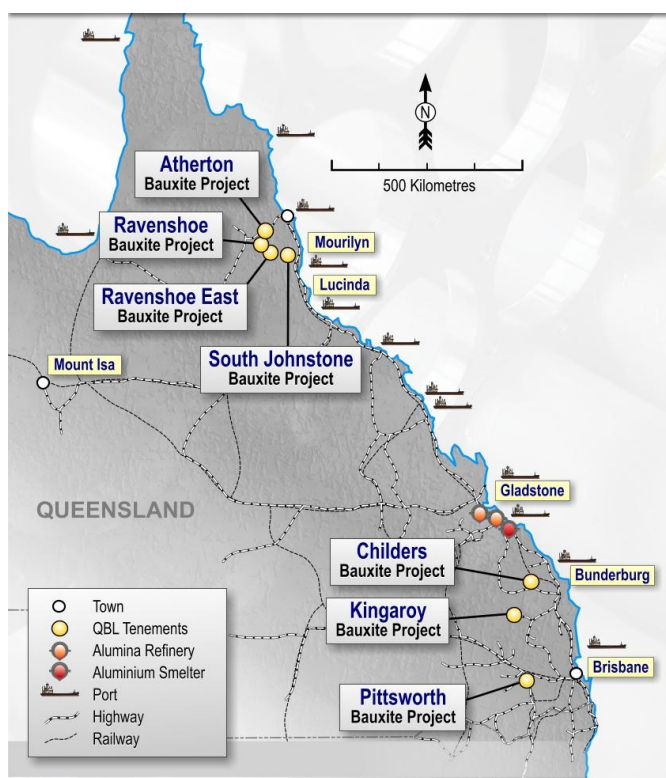
- QBL is continuing to assess new project opportunities
- QBL is continuing to assess the prospectivity and viability of its current QLD bauxite projects

QBL presents the following report on activities for the three months ending 30th September 2012.

Queensland Bauxite Limited (ASX: QBL) (QBL or the Company) has been focused on defining significant bauxite resources with a view to commencing direct shipping ore (DSO) bauxite mining and export operations. During the September Quarter QBL has concentrated on reviewing a range of new project opportunities and reviewed the current status of the bauxite projects for future exploration programmes and if such further investment is warranted due to the inadequate results to date and further complicated by environmental access difficulties. QBL is also assessing options to divest or pursue partners for its secondary gold assets.

BAUXITE PROJECTS

Review of Queensland Bauxite Projects.



All projects were reviewed in light of the exploration completed to date and various access restraints to determine the best strategy moving the bauxite projects forward and which projects should be considered for relinquishment.

Figure 1: QBL Queensland Projects

North Queensland Bauxite Projects

The North Queensland Projects are situated west and north-west of the town of Innisfail (**Figure 2**) in north Queensland. All planned initial aircore drilling was completed in EPM 18463 and 18464. Sampling of the drill intervals has been by the use of the Innovex Mineral Analyser. Results of the PIMA study indicate the presence of sporadic gibbsite in the upper few metres of several drill holes mixed with a high % of kaolinitic ferruginous clay which is masking the gibbsite response. Further work involving sieving of selected drill intervals was being considered as well as further focused air core drilling. A decision on which tenements will be relinquished or retained will be made in the upcoming quarter.

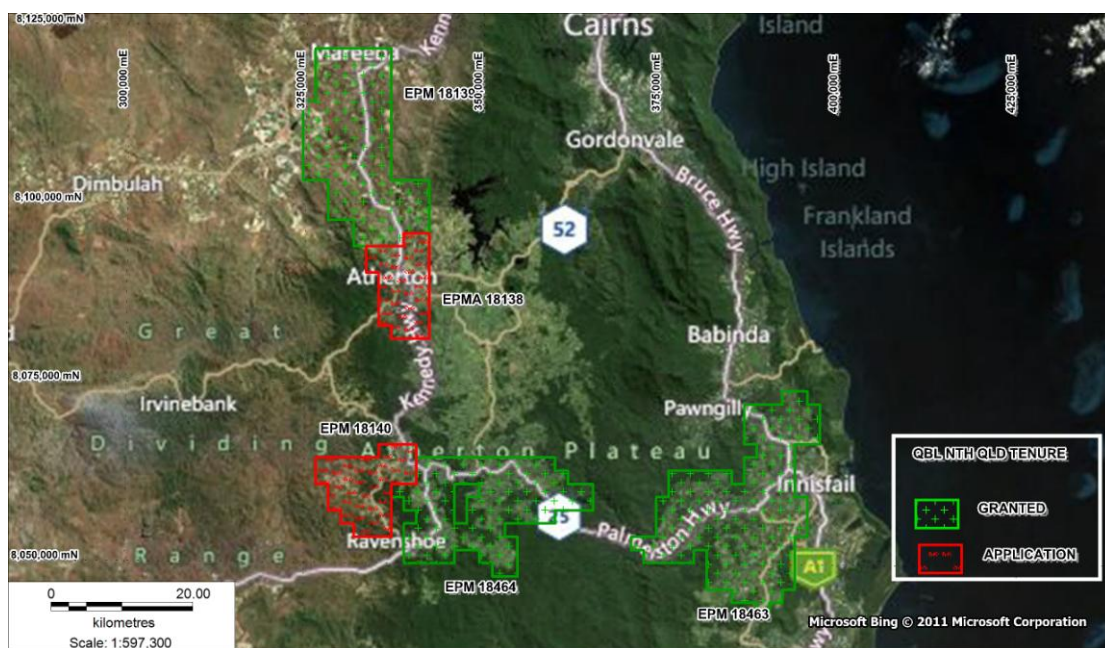


Figure 2 Atherton, Ravenshoe and South Johnstone Projects

Ban Ban Springs/Childers Bauxite Projects

The Ban Ban Springs and Childers Projects are situated to the south east of the town of Gayndah and north of the town of Childers in Central Queensland (**Figure 3**). A bauxite horizon located in the north of EPM 19078 was sampled in the last sampling programme with encouraging %avAl and %rxSi levels. The horizon is associated with lateritised Tertiary basaltic volcanics and extends for 2km in an arcuate E-W direction. The bauxite horizon is situated primarily within an environmental exclusion zone and we have been in discussions with the Queensland Departments of Environmental Management (DERM) as to how best to explore this

area. During the next Quarter a decision will be made on whether we retain or relinquish tenements within this project area.

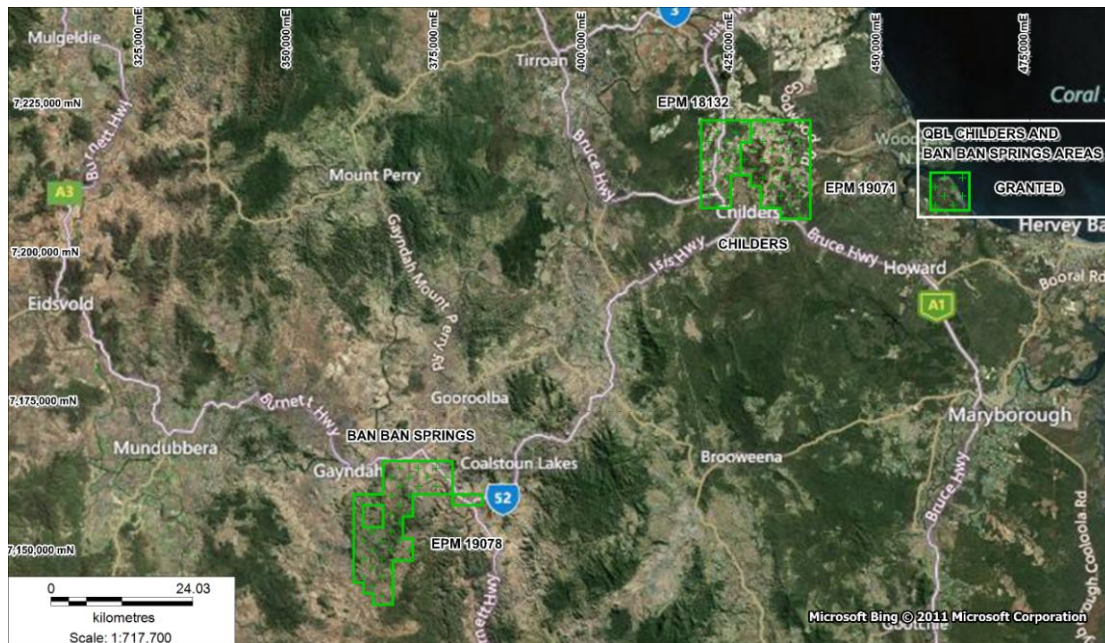


Figure 3 Ban Ban Springs and Childers Projects

Kingaroy Bauxite Project

The Kingaroy Bauxite Project is situated mainly to the north of the town of Kingaroy (**Figure 4**). All but 3 of the tenements are currently granted apart from EPMA's 19069, 19072 and 19068. A review of all drilling, surficial geochemical and geological mapping data has been undertaken to determine which areas may warrant further drilling. Nodular gibbsite has been noted at several road cuttings with high %avIAl and low %rxSi levels, so these areas may be further investigated to determine the extent of the bauxite mineralisation.

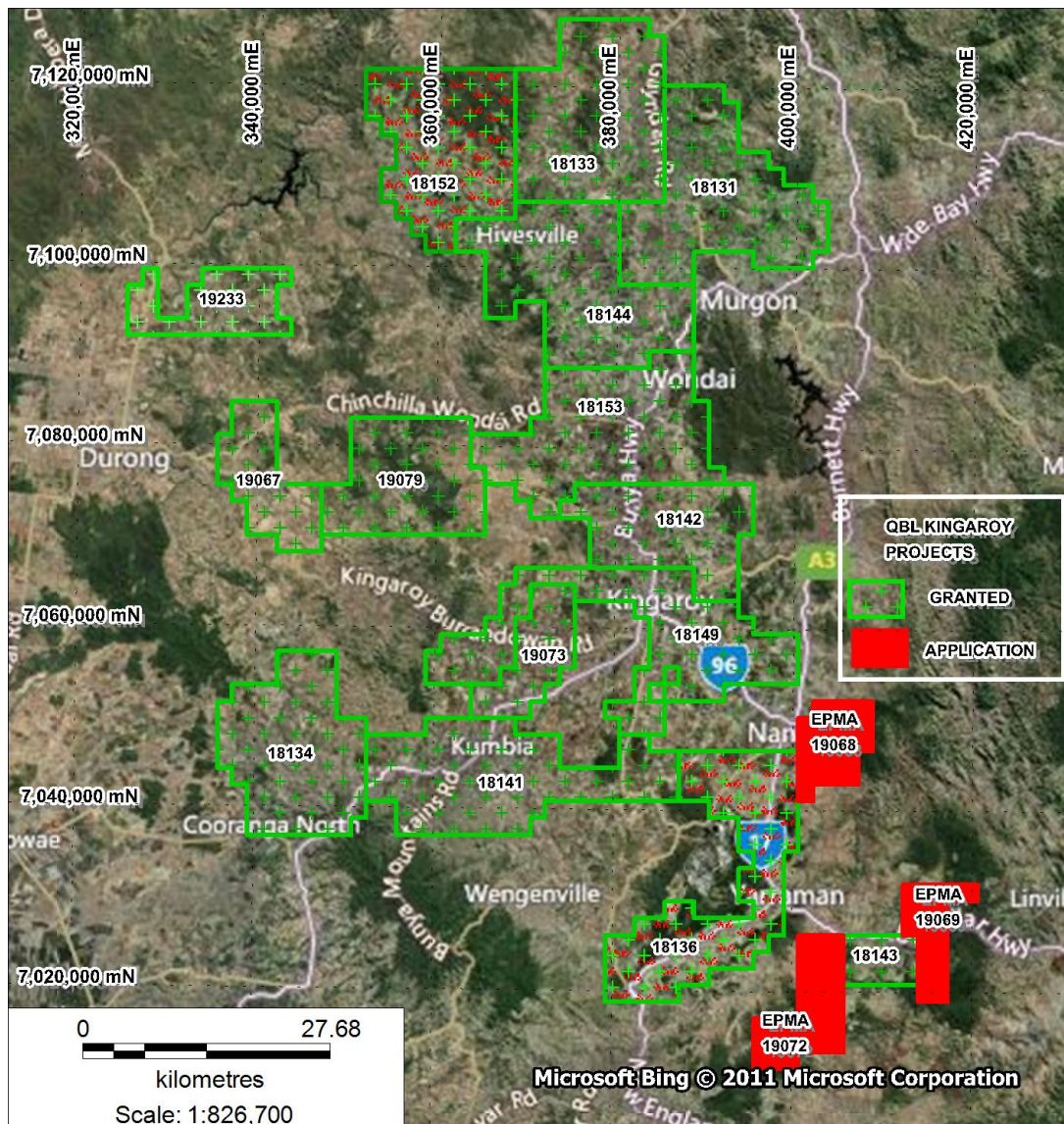


Figure 4 Kingaroy Projects

Pittsworth Bauxite Project

The Pittsworth Bauxite Project is situated west of the city of Toowoomba in South East Queensland. Exploration to date has shown bauxite to be developed in small restricted areas to the west and south west of Toowoomba. This project is currently being reviewed for the extent of its bauxite potential.

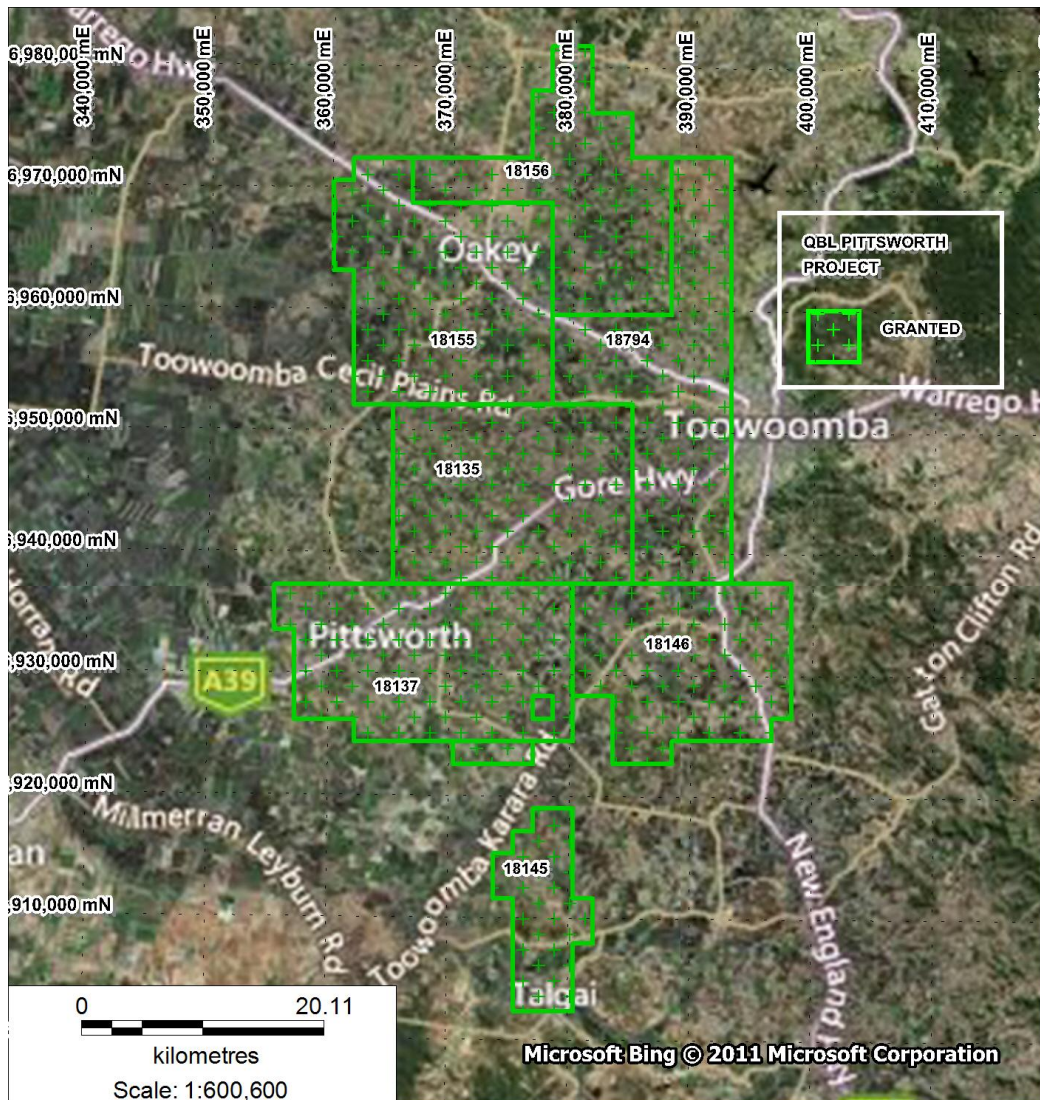


Figure 5 Pittsworth Projects

Further information on land access matters relating to Environmentally sensitive areas

As a result of the results of the recent drilling and sampling programmes on the Company's tenements, the Company and its representatives have been negotiating with relevant stakeholders to allow access for further drilling and work on the areas that have been determined to have prospectivity. This includes landowners and other potential government bodies and companies. There are also some sites that the company was considering to progress which are currently affected by Environmentally Sensitive areas.

The Company is reassessing its position relating to retaining ownership of these projects, and a decision is expected to be made in the upcoming quarter.

QBL assessing new significant project acquisition opportunities

As a result of QBL's strong shareholder base and technical expertise, QBL has been approached in relation to substantial project opportunities. QBL's directors and management, together with its technical and corporate advisors, are currently reviewing these opportunities, and the Company will inform the market should any opportunity be progressed.

Corporate

QBL's cash position as at 30 June 2012 was \$4.294 million.

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

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Web: 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). Dr Coenraads is a fellow of the Australasian Institute of Mining and Metallurgy.

Dr Coenraads is a full time employee of Australian Gemstone Mining Pty Ltd which contracts services to QBL. Dr Coenraads 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". Dr Coenraads consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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")

30 September 2012

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (3 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	-61 -106	-61 -106
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	53	53
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	-114	-114
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (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		
1.13	Total operating and investing cash flows (carried forward)	-114	-114
1.13	Total operating and investing cash flows (brought forward)	-114	-114

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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			
1.20	Cash at beginning of quarter/year to date	4408	4408
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	4294	4294

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'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	-99
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		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'ooo
4.1 Exploration and evaluation	150
4.2 Development	
4.3 Production	
4.4 Administration	200
Total	350

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	4154	4154
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)	4294	4294

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	EL 7224		100%	0

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

6.2 Interests in mining tenements acquired or increased

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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				
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 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	<i>Exercise price</i> \$0.20 \$0.20 \$0.30 \$0.05 \$0.25 \$0.35 \$0.45 \$0.25	<i>Expiry date</i> 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 October 2012
(Company secretary)

Print name: Sholom D 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.](#)

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