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BAUXITE DISCOVERY SOUTH JOHNSTONE PROJECT EPM18463

Queensland Bauxite is pleased to announce that after a further study of the South Johnstone area in Queensland, a bauxite field has been discovered outside of areas with known environmental issues.

Extensive drilling, and testing with XRF (Innov-X) has shown that at least half of the 61 holes drilled were relatively enriched in alumina and depleted in silica indicating that a bauxitization event has taken place (see below).

South Johnstone permit EPM18463 covers an area of 400 square kilometres and is situated 16km west of the deep water port of Mourilyan in North Queensland which is currently used as a loading facility for the regional sugar cane industry. Mourilyan Port can berth Handimax vessels with a capacity of 40K tonnes. There is currently a narrow gauge railway which runs through EPM 18463 carrying sugar cane to the port of Mourilyan. In addition there is a network of bitumen and gravel roads within EPM 18463.

All samples with total alumina that was indicated by Innovex as being greater than 25% and total silica below 20% have been selected for alkali leach testing for available alumina and reactive silica. The results of these leach experiments will be presented when they become available.

South Johnstone Aircore Drilling

Queensland Bauxite Limited (QBL) commenced air core drilling at the South Johnstone Project with the completion of 61 holes for an advance of 460m at an average depth/hole of 7.5m. The drilling was wide spaced and covered an area of 400km² so as to define areas for infill drilling (Figure 1). Areas of mapped laterite were the areas of prime interest. In addition the drilling was aimed as close as possible to the historical bauxite locations from the sampling carried out by Carpentaria Exploration Company in the 1960's. Mapping by QBL indicated the most ideal location for bauxite development to be ridge tops and flanks to the ridges so, where possible, drilling was sited in these locations.

Drill samples were collected at half-metre intervals, in the first instance (holes SJAC001-015), and then at one-metre intervals (SJAC016-061). A sample of each interval was collected in chip trays which were photographed and geologically then analysed using a hand-held Innovex XRF instrument.

Analytical Results

The results indicate that the upper parts of the weathering profiles in at least half of the 61 holes drilled are relatively enriched in alumina and depleted in silica. This indicates that bauxitization has taken place.

Selected drill holes were chosen for XRF analyses based on the Innov-X study. The drillholes chosen were SJAC002, 3, 4, 5, 6, 8, 12, 13, 14, 21, 23, 24, 25, 26, 27, 34, 35, 36, 37, 41, 42, 43, 45, 47, 48, 52, 54, 57 and 61.

Samples from the first metre to a maximum of 5 metres in these holes were selected for alkali leach testing (Leach conditions – 1g leached in 10ml of 90gpl NaOH at 143 degrees for 30 minutes). The results of these leach experiments will be presented when the data become available.

In the samples selected for analyses Innov-X total SiO₂ is in the range of 7% to 20% while the range for Al₂O₃ is 25% to 42%.

Olympus Innov-X XRF

The company has utilised a recent development in field geology that has proved invaluable to many companies in determining drilling priorities. The Olympus Innovex XRF Analyser is a hand held device that provides fast, non-destructive elemental analysis from Mg to U and from ppm concentrations to % levels. The latest units are able to detect the lighter elements such as Si and Al which are of interest for bauxite exploration as a screening device during the early stages of exploration, thus avoiding drilling exploration holes in areas not containing good bauxite.

CONCLUDING REMARKS

Large areas in eastern Australia are considered prospective for high-grade gibbsite-rich bauxite deposits associated with lateritised basaltic volcanic terrains. Many of the volcanic terrains host numerous small isolated historic deposits with high available alumina and low reactive silica values.

It is hoped that the historic deposits first drilled by Carpentaria Exploration Company (Znebejanek L., 1961) can be proven to form part of much more extensive bauxite system within EPM 18463.

Analytical exploratory work on the samples recovered within the project tenement areas by the drilling program will ascertain if this is indeed the case.

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 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 this report of the matters based on his information in the form and context in which it appears.

