

27th May 2014

Deanna Carpenter
Adviser, Listings Compliance (Perth)
via email

Dear Deanna,

I refer to your letter of today's date noting the change in the price of our securities and requesting a response to 4 questions.

- 1) No.
- 2) N/A
- 3) As reported in the recent quarterly, the company is expecting key results back on its flagship bauxite project in Queensland very soon. Should these results come back positively then our shareholders and the general market would likely expect a significant rerating of value of the company. These results have not yet been received by the company. Our view, and a view shared by some of our shareholders, is that the share price of the company is currently significantly undervalued and should never have been trading at these low levels, and fell to these levels on relatively low volume due to the effects of the financial crisis. Now that there is potential for significant material news in the coming weeks that could rerate the value of the company significantly, there are likely those in the market who believe that the current price levels represent a unique buying opportunity and wish to own some shares. This buying has clearly had

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some effect on the share price that would be minimally expected from such speculation. As advised, the company will announce the results as soon as practical after they are received.

In addition, as has been advised to the market over the past year, the company continues to pursue various project opportunities in Mozambique which the directors believe could return significant value for shareholders. The company is currently in advanced negotiations on progressing with one of these opportunities. As these negotiations haven't yet concluded, and there is no guarantee that they will be successfully concluded, and such negotiations are in any event commercially sensitive, the company does not yet have any information that is required to be released. As and when the company progresses with any of these opportunities, they will be announced to market in accordance with Listing Rule 3.1.

- 4) I confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Yours sincerely,



Sholom D Feldman
Company Secretary



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27 May 2014

Mr Sholom Feldman
Chief Executive Officer & Company Secretary
Queensland Bauxite Limited
67 Penkivil Street
BONDI NSW 2026

By email

Dear Sholom

Queensland Bauxite Limited (the “Entity”): ASX price query

We have noted a change in the price of the Entity’s securities from a close of \$0.010 on Friday, 23 May 2014 to an intraday high at the time of writing of \$0.014 today, Tuesday 27 May 2014.

In light of the price change, ASX asks you to respond separately to each of the following questions:

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is “yes”:
 - a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Entity’s securities would suggest to ASX that such information may have ceased to be confidential and therefore the Entity may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.
 - b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).
 - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that the Entity may have for the recent trading in its securities?
4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **3:00 p.m. WST today, Tuesday 27 May 2014**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity’s securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at Deanna.Carpenter@asx.com.au or by facsimile to +61 8 9221 2020. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Deanna Carpenter
Adviser, Listings Compliance (Perth)