

26th April 2017

South Johnstone Project and Financing Update

The Board of Queensland Bauxite Limited ("QBL" or "the Company") provide the following update on the South Johnstone Bauxite Project.

QBL and its consultants have been working to amend the Environmental Application (EA) in response to the recent concerns raised by the Department of Environment and Heritage Protection (DEHP) prior to approving the EA required prior to approval of the Minerals Development Lease (MDL) application. Representatives of QBL, Northern Resource Consultants and Sea Transport, are scheduled to meet with officers of the DEHP on Friday 3rd May in Cairns to discuss the revised application prior to formally reloading the application.

It is believed by all parties that a face to face meeting will be helpful by allowing QBL and its consultants to discuss the work undertaken to date and to ensure that the revised application deals with all concerns raised in a satisfactory manner to ensure the success of our application.

Whilst we have been disappointed by the ongoing delays to the granting of the MDL, we are hopeful that the remaining issues will now be definitively dealt with to finally allow the project to move forward.

Renewal of Project Development Facility

The board of QBL is pleased to advise that an entity affiliated with New York investment firm Magna ("Magna") has entered into a new project development facility with the Company. As announced on 9 September 2015, Magna had provided a US\$2M Capital and Development facility that was to be used for project development of the Company's flagship South Johnstone DSO Bauxite Project in northern Queensland.

At the time, \$500,000 of the previous facility was advanced, and subsequently shares were issued by the Company in satisfaction of the advance. The remaining \$1.5M of the facility was conditional to approval of the MDL which has not yet taken place. Magna has now entered into a new financing agreement of \$1.5M (USD\$1.2M) on an unconditional basis with the funds being made immediately available to the Company.

The facility gives the Company further security that it will be able to independently fast track its development and production on its South Johnstone bauxite project immediately upon the granting of the MDL without needing to rely further on the capital markets while simultaneously pursuing its other current investment opportunities.

The granting of the MDL would enable immediate shipping of bauxite from the South Johnstone Bauxite Project, with the goal of proving the project's feasibility and long term viability.

The bauxite mineralisation at South Johnstone being close to surface and right off the main highway adjacent to port, close to the Asian markets, means that the Company's capital and operational costs are estimated to be of the lowest cost producers in the world. As previously reported in the Company's released scoping study, capital expenditure is expected to be only approximately \$5 million, and operating expenditure is expected to be only AUD\$20.87 per tonne FOB Mourilyan Harbour. For the full summary of the scoping study please see the announcement released by the Company on 29 December 2014 which can be accessed using the following link:

<http://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&idsId=01588588>

The operational results from the working of the MDL will be a key part of the overall strategy to develop an export operation in a staged development of South Johnstone that allows for long term mining and export on a prospect by prospect basis at low cost within the entire project area.

This anticipated MDL grant will help the Company to determine its ability to enter into the large international bauxite market in the short term, apply for larger ML's throughout the project area, and to generate positive net cash flows in the near term.

The confidence that Magna has given the Company and its future potential is greatly appreciated by the Company and is reflected in the favourable terms of the facility. The Company will have the option to repay the facility within 12 months of drawdown at a 20% premium, or issue shares to Magna at a 20% discount to market price based on a VWAP formula of the then previous 10 trading days. Any issue of shares will be subject to ASX Listing Rules 7.1 or shareholder approval. A fixed and floating charge will be provided to Magna by the Company while the facility remains outstanding.

The cost of the facility is an issue to Magna of 2,671,856 shares in QBL.

The Company appreciates the support and confidence that Magna has shown the Company and looks forward to developing all of its assets for the benefit and success of all shareholders.



Pnina Feldman
Executive Chairperson
Queensland Bauxite Limited

For further information, please contact:

Queensland Bauxite Ltd

Tel: +61 (0)2 9291 9000

For further information or any queries please email the Company at:

sfeldman@queenslandbauxite.com.au



www.twitter.com/QLDBauxite

About Queensland Bauxite

Queensland Bauxite Ltd is an Australian listed company focused on the exploration and development of its bauxite tenements in Queensland and New South Wales. The Company's lead project is the South Johnstone Bauxite Deposit in northern Queensland which has rail running through the project area and is approximately 15-24 kilometres from the nearest deep water port. The Company intends to become a bauxite producer with a focus on commencing production at South Johnstone as early as possible. The Company also pursues additional investment opportunities, and has entered into an agreement to acquire 55% of Medical Cannabis Limited, an Australian leader in the hemp and Cannabis industries.