

28th April 2017

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MINISTERIAL APPROVAL TO ALLOW HEMP FOOD CONSUMPTION IN AUSTRALIA

The Board of Queensland Bauxite Limited (ASX: QBL) is excited to announce that the Forum of Food Regulations ('the Forum', 'FoFR') have now approved the Board of Food Standards of Australia and New Zealand (FSANZ) recommendations to change the Australian Food Code to allow the consumption of hemp seed foods in Australia.

This development has major commercial significance for QBL as was detailed on Tuesday 21st March in the following announcement:

<http://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&idsId=01840774>

As a result of this major development, MCL is set to be of the leading Australian companies involved in providing quality controlled Australian grown hemp foods. It can achieve this because of its unique Australian based hemp seed bank developed over many years which it will then distribute to other farmers on a profitable contract basis. With MCL's currently approved licences to grow hemp as recently announced, Vitahemp Pty Ltd ("Vitahemp") is perfectly positioned to be at the forefront of Australian made hemp seed food products and broader Cannabis industries.

Vitahemp is a subsidiary of Medical Cannabis Limited ("MCL"). Vitahemp will now allocate resources and investment to grow and produce its own legal hemp seed foods, to an approved food code with relevant oversight with enforceable food handling laws to the highest Australian standards which is recognised world wide.

Andrew Kavasilas, Vitahemp's founder and MCL's Technical Director said: "This is perfect for us, a development we have been waiting for since 2009. No Australian company has been legally approved to sell hemp seed food products to Australian consumers until now."

While the public has become used to seeing various hemp seed food products available in health food shops and other supermarket shelves, the fact is, they are imported and labelled 'Not for human consumption' in Australia. Concerns have been raised for many years about the situation, especially as there have been no requirements by importing companies, in relation to health standards, handling, packaging or truth in labelling.

This recent step taken by FSANZ, and today formally approved by the Forum of Food Regulations, means that Australian consumers can feel a lot more confident about the high quality expected from this very nutritional food, while farmers can now plan and prepare to incorporate this new lucrative crop into their agricultural regimes.

Vitahemp began the process to establish 'Trade Standards' in relation to hemp seed foods in 2015. Andrew Kavasilas said: "We attempted to address this issue seriously back in 2015 during negotiations with NSW Department of Trade and Investment and Southern Cross University (SCU). The initiative was placed in abeyance due to its current status and illegality for human consumption of hemp seed foods at the time.

"With the FoFR's approval today, this will give us time to fast track our winter cropping plans and expand to incorporate contract farmers with buy-back options for Vitahemp to build its seed stock and be the first major player in this exciting and nutritional new industry."

Pnina Feldman, Executive Chairperson of QBL, said: "We aim to strengthen the entire industry by supporting a National Alliance that will give greater security to permitted farmers, producers, manufacturers, and consumers alike. This will ensure that world class Trade Standards are set, met and enforced in relation to Australian grown hemp seed."

Forum membership is made up of lead ministers (usually health ministers) from Australian state and territory governments and the Australian and New Zealand governments. Other ministers from related portfolios may participate.

The Forum is chaired by the Assistant Minister for Health.

Ministers received a report by the Swinburne University of Technology regarding consumption of low THC foods and the effect on random drug testing protocols in Australia and New Zealand (the Consumption Report).

Ministers had requested that the Food Regulation Standing Committee (FRSC) investigate information gaps identified in considering the adoption of low-THC hemp seeds as a food. These covered marketing and labelling issues, legal and Treaty implications, maximum levels of cannabidiol(CBD) and the potential effects on road side drug testing.

Ministers noted the key finding of the Consumption Report is that it is highly unlikely that consumption of food products containing the levels of THC tested would result in any positive tests on oral fluid, blood or urine.

In light of these findings Ministers supported the draft standard that will allow low-THC hemp seeds to be sold as a food. The standard will take effect six months after it has been gazetted and Ministers acknowledged that there is still a range of New Zealand and State and Territory legislation that currently prohibits the sale of low-THC hemp seeds as a food which will need to be amended. Ministers also supported the establishment of an Implementation and Monitoring working group.

For more information please see the following:

<http://foodregulation.gov.au/internet/fr/publishing.nsf/Content/forum-communique-2017-April>

<http://www.foodstandards.gov.au/code/proposals/Documents/P1042%20Low%20THC%20hemp%20as%20a%20food%20AppR.pdf>



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.