

9th October 2017

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Jeremy Newman
Senior Adviser, ASX Listings Compliance (Perth)
via email

Dear Jeremy,

I refer to your letter of today's date noting the change in the price of our securities and requesting a response to 5 questions, and we respond as follows:

- 1) No.
- 2) N/A
- 3) We are of the view that based on information already released by the Company to the market including in our recently published annual report, and based on milestones already reported recently being achieved by the company, and based on recent legislative changes, it is our view that our company is currently significantly undervalued by the market relative to other companies in the industries that our company is involved in. The rise in price likely reflects the confidence of shareholders and market participants in the imminent future prospects of the Company and this belief that the Company is currently undervalued. In particular, recent milestones reported by the company include:
 - a) The imminent expected grant of a Mining Development License (MDL) on our flagship South Johnstone bauxite project;
 - b) The application by our controlled entity Medical Cannabis Limited (MCL) for a Medical Cannabis Research License from the Office of Drug Control and MCL's strategic position, contacts and expertise in the medical cannabis industry;
 - c) The change in legislation that will make hemp permissible for human consumption in Australia beginning in November of this year, and the strategic positioning of MCL through its Vitahemp

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brand to become the premier quality Australian supplier to the Australian and global markets, using MCL's current granted licenses to grow low THC Cannabis; and significantly,

- d) the recent announcement of the securing of over 20 tonnes of low THC Cannabis super seed to be planted in the upcoming planting season, which in layman terms effectively means the company, through its current licenses, has the capacity to grow well over 1200 acres (approximately 600 hectares) of low THC Cannabis to be able to supply the local and global market with hemp products following the legalisation of hemp for human consumption in Australia to take effect in November. Strategic alliances are being currently formed with various prominent farmers to enable the company to plant this significant size of grow in the upcoming season.

These reported milestones are the reasons we believe the share price of the company is deeply undervalued. As both the MDL on our South Johnstone bauxite project and the legalisation of the human consumption of hemp in Australia are both imminent, we assume that many market participants would believe the same. This is in addition to the future significant potential the company is developing in the medical cannabis research and product space once licensed by the ODC as previously reported.

- 4) I confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
- 5) I confirm that I have the delegated authority from the board to respond to ASX on disclosure matters.

Yours sincerely,



Sholom D Feldman
Company Secretary



9 October 2017

Mr Sholom Feldman
Company Secretary
Queensland Bauxite Limited

By email: sholomfeldman@gmail.com

Dear Mr Feldman

Queensland bauxite Limited (the “Entity”): ASX Price and Volume Query

We note the change in the price of the Company’s securities from a closing price of \$0.013 on Thursday, 5 October 2017, to an intraday high of \$0.018 today, 9 October 2017.

We also note the significant increase in the volume of the Company’s securities traded in the past few trading days.

In light of this, ASX asks the Company to respond separately to each of the following questions and requests for information:

1. Is the Company 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 Company relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Company’s securities would suggest to ASX that such information may have ceased to be confidential and therefore the Company 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 Company may have for the recent trading in its securities?
4. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

5. Please confirm that the Company's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

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 **11:00 am (WST) today, 9 October 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Company'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 Company'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 jeremy.newman@asx.com.au and tradinghaltspert@asx.com.au. 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 Rules 3.1 and 3.1A

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.

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

It should be noted that the Company's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

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 Company'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]

Jeremy Newman

Senior Adviser, ASX Listings Compliance (Perth)