

20<sup>th</sup> March 2018

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## Cover Letter for 3B 19<sup>th</sup> March 2018

The Board of Queensland Bauxite (ASX:QBL or "the Company") is pleased to advise that it has cleared the company's outstanding debt by way of share issue.

The liability of the Company which has been settled with this share issue, was pursuant to a financing agreement entered into by the Company over a year ago with New York based investment and finance company MEF I L.P. which was entered into at the time in order to enable the Company to take up the opportunity to invest in MCL.

This funding agreement of \$2.2M at the time before financing and interest costs, enabled the Company to keep sufficient funds in reserves to develop its bauxite projects, and have the ability to also invest in other opportunities, including giving the Company the freedom under the ASX guidelines to make the initial investment into MCL, and subsequently develop MCL, which has added a significant amount of shareholder wealth to the company.

The Company's shareprice at the time of the financing prior to making the MCL investment was less than 1c a share, and a similar placement of that amount of money at the time would have seen well over 250M shares issued for that quantum of financing.

The company is pleased to have been able to now settle the outstanding liability by way of this share issue.

The shares were issued pursuant to Listing Rule 7.1 and were issued for cash consideration in lieu of the cash that was now owed by the Company pursuant to the facility agreement.

The directors are pleased that the Company now has the ability to move forward debt free, and to preserve the company's cash reserves, to enable the company to develop its assets and to continue to have the ability to take advantage of further investment opportunities in QBL to increase shareholder value.

The Company thanks MEF I L.P. for its support at the time which has seen the Company develop significantly as a result, and wishes all its shareholders much success as the Company moves forward in this exciting phase for the Company.



Pnina Feldman  
Executive Chairperson,

Director of Business Development,  
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](mailto:sfeldman@queenslandbauxite.com.au)



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**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 acquired a 55% shareholding in Medical Cannabis Limited, an Australian leader in the hemp and Cannabis industries.