

31<sup>st</sup> October 2017

## SEPTEMBER 2017 QUARTERLY REPORT

### HIGHLIGHTS

- Mining Development Lease (MDL) Granted
- Granting of MDL should enable practical feasibility and export from South Johnstone Bauxite project to effectively prove the long-term economic and operational feasibility of the project
- Completing final environmental studies and monitoring to enable the grant of a full ML on the project
- South Johnstone project of the lowest cost bauxite projects in projected production costs, thereby giving confidence in the long term viability of the project
- Approval of Environmental Authority for the MDL Work Programme
- Preparing Major Launch of MCL's Quality Vitahemp Product Range
- Anticipated Cashflow from Queensland Bauxite's 55% Controlling Stake in Premier Australian Cannabis and Hemp Company Medical Cannabis Limited (MCL) which is also the owner of hemp brand Vitahemp;
- Excellent market positioning for the anticipated rapid economic growth in the medical Cannabis sector and hemp seed food industry, in Australia and globally;
- Unique Variations and High Levels of Cannabinoids of Interest Identified
- Engagement of Israeli Research Organisation for the development of medical Cannabis products

During the September Quarter 2017, Queensland Bauxite Limited (ASX: QBL, or the "Company") continued to press to progress the development of its flagship South Johnstone DSO bauxite project in northern Queensland, with the Company aiming to generate positive net cash flows in the short term through the commencement of DSO bauxite production and shipping.

Significant milestones were achieved during the quarter with the approval of the Environmental Authority for the MDL, and the final granting of the MDL.

QBL's mining engineering and environmental consultants continue to work on components key to submitting a Mining Lease (ML) application to enable mining of all the feasible ore at Camp Creek.

A marketing agency has been signed up to assist in the process of obtaining sales agreements with bauxite refineries.

In addition, the Company and its team continue to actively evaluate and assess a number of additional opportunities that the Board believes may greatly enhance the Company's market value. This has recently led the Company to strategically invest in a leading pioneering Australian Medical Cannabis and Hemp Company which the directors believe has major potential to capitalise significantly on its first mover advantage in this new emerging multi-billion-dollar global industry.

## **Operational Overview**

### **South Johnstone Bauxite Project**

The Board of Queensland Bauxite (ASX:QBL or "the Company") is pleased that the Department of Natural Resources and Mines (DNRM) has now formally approved the Mineral Development License (MDL) for the South Johnstone Bauxite Project.

The granting of the MDL allows the company to begin initial trial production of bauxite to potential customer refineries, for the purpose of proving the economic and operational feasibility of the entire project with the aim of generating positive net cash flows in the near term under intended Mining Lease (ML) applications. The grant of the MDL enables the Company to determine its ability to enter into the large international bauxite market in the short term and apply for larger ML's throughout the project area. The formal feasibility testing to be conducted under the now granted MDL will include bulk sampling, bulk transport and shipping tests, and the testing of the product in potential customer refineries.

Another milestone achieved during the quarter, after providing the Department of Natural Resources and Mines (DNRM) and the Department of Environment and Heritage Protection (DEHP) extensive information and responding to the Departments' queries, the DEHP approved the amendment to our previous Environmental Authority (EA), to allow for the work programme intended under the MDL.

The EA permit now allows the company to undertake development work as per the intended MDL work programme in addition to the previously approved exploration

activities in the South Johnstone region. The EA amendment approval decision follows on from receiving an assessment level decision earlier this year.

A marketing agency has been signed up to assist in the process of obtaining sales agreements with bauxite refineries. This agency is currently working towards enabling a Sales and Purchase Agreement with a bauxite refinery in regards to the South Johnstone bauxite ore. Now that the MDL has been granted, the Company looks forward to progressing with product to be shipped and tested in potential customer refineries.

The next stage in the project is to work the MDL in accordance with the planned development work programme, while still working towards the Mining Lease (ML) applications to allow for ongoing mining operations of all the identified bauxite ore resources at Camp Creek and in the additional identified bauxite mineralised locations throughout the larger South Johnstone project area.

QBL's mining engineering and environmental consultants continue to work on components key to submitting the ML applications. It is the Company's understanding that due to the extensive technical and environmental work already completed and in place with the MDL, that a full ML should not take much longer to achieve with the applications expected to be completed in early 2018.

The Mining Lease applications will be progressed in parallel with the work to be undertaken under the MDL to ensure as smooth a transition as possible, and to ensure the Company is in a position to profitably mine as soon as possible after operations are proven successful under the now granted MDL.

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 bauxite projects. 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 including details on the bauxite resource the subject of the MDL please see the announcement previously released by the Company 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.

The Board are excited to finally being able to progress this project and the Board look forward to making this project the success we believe it will become.

The Board would like to thank the dedicated geological team, consultants and contractors of QBL, headed by our chief Geoscientist Dr Robert Coenraads, who have worked so diligently to achieve this result.

QBL already enjoys significant support for its project from all levels of government, community groups, including traditional owners and freehold landowners, interested in seeing improved employment opportunities created in the region.

The Company has ensured that it has consulted and thoroughly briefed relevant federal and state members of parliament on all aspects of the project, including federal MP the Hon Bob Katter. The South Johnstone Bauxite project is located in Mr Katter's electorate of Kennedy.

QBL is encouraged by the positive feedback it has received from government stakeholders, particularly in regard to the future economic benefits that the project will deliver to the region and to the state of Queensland.

The Directors look forward to updating shareholders on our progress with any further developments at the South Johnstone Bauxite project. The Directors have every confidence in the project's future.

#### **INVESTMENT IN MEDICAL CANNABIS LIMITED**

The Company owns a 55% stake in premier Australian Cannabis and hemp company, Australian unlisted public company; Medical Cannabis Limited ("MCL").

This investment diversifies QBL's portfolio by becoming part of what is expected to be a new great Australian and global industry, and the QBL Board views this investment as both timely and opportunistic in the context of the rapidly evolving Australian Cannabis business sector and the remarkable rapid success of this business overseas. This is a strategic acquisition poised for growth in the fledgling medical Cannabis and hemp seed food industries in Australia and globally.

MCL is the first of the Australian medical Cannabis companies to come to market with local expertise, including a long history of legal Cannabis importation and production in Australia, its own cultivars, ongoing trial projects and technical direction.

The Department of Health reports that The Commonwealth intends to fast track and develop amendments to the Narcotic Drugs Act 1967 that will establish the authority of the officer drug control (ODC) to regulate the cultivation of Cannabis for medical and scientific use required under the Single Convention on Narcotic Drugs 1961.

MCL is a public unlisted Australian based Cannabis company, formed by Andrew Kavasilas in early 2015 to specifically target the global potential of the fast growing medical Cannabis and hemp seed foods markets while utilizing its nearly two decades of Australian Cannabis and hemp industry experience. MCL is the holding company of Vitahemp Pty Ltd (Vitahemp). The acquisition of MCL also includes 100% of the assets of Vitahemp. MCL and Vitahemp are Australian medical Cannabis and hemp foods pioneer companies with significantly established track records in the Cannabis sector in NSW.

MCL is currently licensed to possess, cultivate, process and supply Cannabis under the NSW Hemp Act. It is farming Cannabis (low THC high CBD or non-psychoactive Cannabis) at its Tabulam Cannabis Project in northern New South Wales and producing vast amounts of cannabinoids which it intends to incorporate in its business plan. MCL is well positioned ahead of the competition in the Australian medical Cannabis market which is now rapidly growing due to recent changes to the Australian Narcotics Act.

MCL/Vitahemp aims to establish state of the art breeding facilities with a view to upgrading to cultivation for medical research and develop its unique foundation seed bank including sub-tropical hemp varieties. The company will work towards gaining 'plant breeder's rights' for a variety of applications, placing it in a prime position to license and tailor-make specific varieties with known Cannabinoid profiles for the medical Cannabis manufacturing industry.

MCL's strategy is to develop, register, and commercialise pharmaceutical grade Cannabis, hemp based products and treatments, to the highest GMP quality standards.

Medical Cannabis refers to the use of Cannabis and its constituent cannabinoids, such as tetrahydrocannabinol (THC) and cannabidiol (CBD), as medical therapy to treat disease or alleviate symptoms. The Cannabis plant has a history of medicinal use dating back thousands of years across many cultures.

**Andrew on Tasmanian TV in the news last week discussing the newly legalized Cannabis hemp food industry and the nutritional virtues of hemp foods**

<https://www.youtube.com/watch?v=2aWCI7WIE64&feature=youtu.be&t=7m49s>

## **20 tonnes of Cannabis seed to be planted**

20 tonnes of certified low THC hemp seed for sowing has been secured so that MCL will be able to grow enough low THC cannabis to supply an immediate demand for Australian hemp seed food products, with sufficient Cannabis grown (from which to derive hemp seed) to be able to also manufacture and export Australian produced health foods overseas.

This is particularly significant for the consumer and the industry, as MCL, through its Vitahemp brand, will be amongst the first to introduce hemp foods to a high official quality standard. To date existing Australian importers and producers have not been held accountable to food quality standards made for human consumption. From November all products made for human consumption will be held to official food quality standards. Vitahemp is driving the initiative to develop Australian standards in relation to hemp seed food.

MCL is on track to have its initial products available to markets by November/December of this year when hemp foods become legal for human consumption in Australia.

Andrew Kavasilas, founding director of MCL, has commented "We are in the final stages of selecting a team of farmers that we will supply and assist to contract grow broad acres crops for us during this season. I have been impressed by the farmers we have met and the unique capabilities they each possess.

"Low THC cannabis varieties are known as hemp, and hemp has always been an important plant which produces a super seed rich in the optimal ratio of omega 3,6 and 9 from which Vitahemp products will be made.

"For thousands of years hemp has been used for hundreds of civilisation changing uses including ropes, cloth, sale, textiles, fuel, masonry, medicine and food".

The team at MCL headed by Andrew Kavasilas, is focused primarily on genuine Australian grown seed from which it aims to produce delicious, innovative and super nutritionally prepared and packed healthy foods for worldwide consumption.

Mr Kavasilas said "We are proud to become a major Australian healthy food manufacturer with our own varieties of highly nutritious hemp seed food products that will not only look good, be full of essential fatty acids (EFA), vitamins, minerals and nutrients, but will also taste great!

"Vitahemp will not only be bringing great hemp food to Australia and the world, with Food Authority assistance, we will have a major goal to educate ourselves and younger

folk about healthy eating habits, why and how hemp food products will enrich our diet. This education will be achieved through high-profile marketing, information brochures, complimentary samples and tastings via Vitahemp's public promotions, sponsorships and partnerships.

“Vitahemp's top quality product range and dedication to service means that MCL will bring the healthiest, freshest and great tasting products from the crop to the shelves.”

Pnina Feldman, Executive Director and Chairperson of Queensland Bauxite said "Significant cash flow is essential to the success of any company. Queensland Bauxite is really looking forward to the success from its investment which will benefit our shareholders.”

Simultaneous to achieving in the hemp seed food product arena, MCL is actively negotiating strategic alliances and partnerships in the medicinal cannabis area of its business in Australia, Israel, Canada, Asia and Europe, and such partnerships will be announced to market as soon as they are formalised and become material to the market.

### **Unique Variations and High Levels of Cannabinoids of Interest Identified**

The Company is pleased to report preliminary findings in relation to cannabinoid testing performed by its subsidiary Medical Cannabis Limited (MCL) of some of MCL's low THC Cannabis cultivars. (THC is tetrahydrocannabinol Delta 9, a medical compound produced by Cannabis plants).

Andrew Kavasilas, Technical Director of MCL, said “Because we are a multifaceted Cannabis company, there are many aspects of our research and breeding program that enhances our knowledge base. While testing for a particular cannabinoid level in some of our mature cultivars, we've identified unique variations, high levels of cannabinoids of interest, as well as other complex compounds produced by these particular cultivars.

“This is the very first of our new program to multiply and freshen seed stock of traditional seed and fiber varieties. I think MCL is the first of the majors with access to an Australian seed bank which has been continually developed over the past decade. With our current licenses we have been able to fast track this much needed preliminary research that will help us to make decisions in relation to breed selection to suit various opportunities in our current plant/product identification and development that we are looking to bring to the market as soon as legally possible.”

Low THC hemp seed foods are due to be legalised for human consumption in Australia on November 12 this year. Government regulations allow for trace amounts of THC in end products, as these levels are not considered to have any psychoactive effect.

Australian hemp growers, processors and hemp seed food manufacturers will be required to maintain and monitor THC levels.

There have been reports from other countries where 'THC creep' hasn't been kept on check and entire shipments have been turned away from borders and destroyed.

MCL has referred to its indoor and outdoor cultivation program in several announcements this year and are proud of the rapid advance and establishment of these crucial components required to secure a solid and sustainable research and product development base.

Pnina Feldman, Executive Chairperson of QBL, said, "It is pleasing to see MCL utilising all manners of Cannabis research to help build its profile. This is just an early snapshot of the work MCL is doing in relation to research cultivation which leads to entry into the Australian and worldwide cannabinoid industries.

"It seems only a little while ago we thought the Cannabis industry would be a good idea for QBL to invest in, and within a relatively short time we have secured a substantial stake in what we believe will be Australia's premier Cannabis company and MCL is already well into important research. As a result of MCL's long history of plant breeding, I think MCL will continue to discover important cannabinoids and interesting compounds that may prove immensely beneficial to the global nutritional and medical industries."

### **Preparing Major Launch of MCL's Quality Vitahemp Product Range**

The Board is most excited to report that via its subsidiary Medical Cannabis Ltd ("MCL" or "the Company"), the initial sample range of hemp products under the name Vitahemp, will be ready for introduction to the Australian market in November 2017. Hemp foods are an extremely nutritious form of food product made from low THC Cannabis.

Significant cashflow from these products is expected to commence in early 2018 when the current 20 tonnes of seed will be planted, grown, and the product processed and manufactured utilising farmers, processing and manufacturing machinery sourced by MCL.

The Company aims to be Australia's premier Australian hemp food producer, with strategic alliances currently being formed to assist in the farming, harvesting, manufacture, distribution, processing and marketing of the Vitahemp "gold star" product range.

Equally exciting is the medical product range being planned with strategic partners in Australia and overseas, in places and in conjunction with entities that are legal and licensed, to enable MCL to develop world first products in pain relief and dealing with various illnesses to relieve symptoms and research cures utilising various forms of Cannabis.

This product range will be known as VitaCann, and will focus primarily on both low and high THC and CBD chemovars (Cannabis varieties grown for its chemical composition), for the treatment of various ailments of the human body and mind.

Both Vitahemp and VitaCann are currently aggressively planning for products that are expected to be much sought after. As these plans are finalised and approved by the various entities and groups associated, they will be announced to market.

We look forward to near term cashflow during this financial year and beyond resulting from QBL's 55% interest in MCL.

### **Engagement of Israeli Research Organisation for the development of medical Cannabis products**

The Board of Queensland Bauxite Limited (ASX: QBL) is pleased to report that further to the significant progress that its subsidiary Medical Cannabis Limited (MCL) has been making in its business and product development, EndoCRO Ltd an iCAN:Israel-Cannabis company, has been selected as a research and product development arm on a contract basis for the development of pharmaceutical GMP grade Medical Cannabis products on behalf of the company, with the goal of achieving full approval of these products for sale as recognised normative prescription medicinal products in Australia and globally.

EndoCRO, utilising its unique knowledge and expertise in the latest available research and technologies, is developing for the company an advanced cannabis formulation utilizing pharmaceutical grade drug delivery, expected to be a breakthrough product in the medical Cannabis industry. These products should naturally have a significant edge over the currently available medical Cannabis products internationally which generally are not produced to accepted GMP medical and pharmaceutical grades and standards, and generally cannot be accurately dosed, which to date has been a significant challenge for any company to get these products formally approved by first world government authorities as an established medication.

Pnina Feldman, Executive Chairperson of QBL, said "Israel has lead the world in Medical Cannabis research with an active medical program serving over 30,000 patients.

Tapping into their existing advanced medical cannabis ecosystem should significantly expedite the time to get effective scientifically proven and approved medical products to the Australasian market and approved by the Australian Government authorities under the existing legislation, which would be a massive milestone for the medical Cannabis industry both in Australia and globally.

“The Cannabis plant has currently a few thousand known different strains, with largely anecdotal evidence as to which strains are good for treating different illnesses, and within those strains the over 160 different cannabinoids and their combinations within those strains it is uncertain which combination is able to achieve the desired result, leaving dosing and prescribing an accurate medication a significant challenge for the global medical establishment.

“We are excited about the contact with EndoCRO which should result in producing products that can be approved with confidence by the medical establishment and the relevant government authorities under the existing legislation.”

Saul Kaye, CEO of iCAN:Israel-Cannabis said “Contract and clinical research organisations (CRO’s) have provided traditional pharmaceutical and wellness companies with specialist knowledge for years, we established one that is now uniquely focused on developing products for the Medical Cannabis market”.

EndoCRO is a global company headquartered in Israel and has developed a network of Medical Cannabis specialists including a medical advisory board, drug delivery and formulation specialists and manufacturing sites in Israel, the EU and the United States. EndoCRO has developed relationships with a number of principal clinical investigators and is able to perform multi-centre clinical studies in Israel, Australia, Canada, Europe and the United States.

### **Cannabis Winter Crop**

Medical Cannabis Limited during the quarter undertook trialling planting Cannabis winter crops.

Director Andrew Kavasilas said: "There have been very few serious winter trials in Australia and information as to the success of these trials is scarce and uninformative. We began a winter growth of Cannabis and I was impressed with germination and growth rates of several of our cultivars. What we've learned is fascinating. I think what we have learned from the current trials of a number of our cultivars would be helpful

for our plans for our cropping next year, which will determine crop rotation and planting dates, and on which of our cultivars to focus seasonal cropping".

"This is the kind of investigation and research that has long been lacking in Australia. However, since State Health Ministers voted to lift the ban on hemp seed consumption, this change will see Cannabis laws repealed, and food regulations amended to allow free commerce and the opening of a lucrative industry as already exists in other parts of the world.

"We have been pushing for these changes since 2009 at the State level. Police objections and concerns about this highly nutritious grain interfering with roadside saliva testing, have been well and truly dismissed, so we should be seeing our Australian grown hemp seed products on the shelves in the months ahead."

The Company is actively negotiating production, marketing and distribution agreements and will announce these to the market when finalised. The Company is well positioned to be the dominant producer of Australian grown and produced hemp food products.

The Company is also significantly progressing its Medical Cannabis research and development programme, and has been assessing various world class strategic relationships to ensure maximum value and productivity from its cutting edge work plan.

The work plan includes research into the unique cultivars and seed bank that the Company owns to maximise the market value of its unique seed bank both to the global market and to patients in need of the product. The work plan also includes utilising cutting edge technology and research to create legal, consistent and approved Medical Cannabis products in the relative short term, produced to the highest possible standards, to supply the multi-billion-dollar global market with a much sought after proven, consistent and reliable Medical Cannabis product.

The Company has been aggressively pursuing these outcomes, and will announce further details as and when there are developments that are ready to be released.

### **Corporate Update Summary**

With two major gibbsitic projects at hand, and particularly following the highly encouraging progress at South Johnstone in North Queensland, the directors believe that QBL will become a significant force in the bauxite industry.

The Company has targeted potential long-life bauxite operations that it believes will add value and be attractive to major international bauxite partners. QBL continues to build on its strong position ahead of predicted rises in bauxite prices.

Whilst working on development of the South Johnstone Bauxite Project, the board of QBL has also been actively seeking and reviewing other excellent investment opportunities with a view to increasing shareholder value through projects that have significant potential cashflows. The first of these acquisitions has been the Cannabis and hemp acquisition through the acquisition of 55% of Medical Cannabis Limited (MCL) which also controls the Vitahemp business. MCL is a leading pioneering Australian Medical Cannabis and Hemp Company which the directors believe has major potential to capitalise significantly on its first mover advantage in this new emerging multi-billion-dollar industry.

This acquisition was able to be entered into due to the speed and efficiency of the QBL team, lawyers, and timely cooperation of the ASX, once the opportunity was identified.

The QBL Board is continuing in its quest to maximise the potential returns from its investment in the Cannabis and hemp industries, both in the short term and long term, and the significant potential shareholder value that we believe will be generated as a result of these investments.

The historic regulatory changes that have taken place, and been announced since the MCL acquisition was entered into, and the significant advancement of the MCL business plan over this short period as publicly reported by the Company, gives the QBL board every confidence that this investment will far surpass even our initial expectations of the benefit to all our shareholders.

The board of QBL are looking forward to MCL developing its pioneering business in this new and growing industry. MCL through its experience, contacts, unique seed bank and licenses is in an excellent first mover position to take commercial advantage of the huge potential that this newly legalised industry offers.

Further lucrative value-adding strategic relationships and opportunities are actively being pursued by the Company with the view to enhancing shareholder value, and will be announced to the market as soon as any such deal is entered into by the Company and when appropriate, as approved by the ASX.

The Company has to the end of the recent September quarter invested \$653K on expenditure relating to the activities of MCL.

The Board are very appreciative of the level of support and confidence that the Company's shareholders have shown in the Company and its projects. The Board are confident that the Company and its management will be able to repay that confidence to its shareholders in what should be a very rewarding period for the company.

QBL's cash position as at 30th September 2017 was \$7.96 million.

As at 30th September 2017, the Company held the following tenements:

Project Name			Interest Held %
<b>Eastern Australia Bauxite Projects</b>			
South Johnstone QLD	EPM18463	Granted	100%
South Johnstone QLD	MDL 2004	Granted	100%
Nullamana NSW	EL7301	Granted	81%

For further information please visit the company's website at [www.queenslandbauxite.com.au](http://www.queenslandbauxite.com.au) or contact:

Sholom Feldman  
Executive Director/Company Secretary  
E: [sfeldman@queenslandbauxite.com.au](mailto:sfeldman@queenslandbauxite.com.au)



[www.twitter.com/QLDBauxite](https://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.

#### Competent Person Statement

*The information in this announcement that relates to exploration results, Exploration Targets or Mineral Resources is based on, and fairly represents, information compiled by Dr Robert Coenraads. Dr Robert Coenraads is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Coenraads contracts services to Queensland Bauxite Limited. Dr Coenraads has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Dr Coenraads has given his consent to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.*

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Queensland Bauxite Limited

### ABN

18 124 873 507

### Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	-429	-429
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	-388	-388
1.3 Dividends received (see note 3)		
1.4 Interest received	54	54
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>-763</b>	<b>-763</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments (MCL related Payments)	-425	-425
(d) other non-current assets		

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2 Proceeds from the disposal of: (a) property, plant and equipment (b) tenements (see item 10) (c) investments (d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-425</b>	<b>-425</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options	616	616
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>616</b>	<b>616</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	8534	8534
4.2 Net cash from / (used in) operating activities (item 1.9 above)	-763	-763
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-425	-425
4.4 Net cash from / (used in) financing activities (item 3.10 above)	616	616
4.5 Effect of movement in exchange rates on cash held		
<b>4.6 Cash and cash equivalents at end of period</b>	<b>7962</b>	<b>7962</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	7962	8534
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7962</b>	<b>8534</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-342

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

--

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	100
9.2 Development	300
9.3 Production	
9.4 Staff costs	
9.5 Administration and corporate costs	250
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>650</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased	MDL2004	Mineral Development Licence	0	100%

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Director/Company secretary)

Date: .....31<sup>st</sup> October 2017.....

Print name: .....Sholom D Feldman.....

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.