



QBL QUARTERLY REPORT

DECEMBER 2017



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2017

- 16 October** Mining Development License (MDL) Granted
- 27 October** Anticipated Cashflow from MCL Investment
- 13 November** Significant milestone for Vitahemp- Govt approval
- 15 November** Annual General Meeting
- 22 November** MCL : Vitahemp signs agreement to acquire a majority interest in Hemp Hulling Corp. (HHC)
- 27 November** Vitahemp product launch - 100% Australian grown
- 7 December** MCL announces Australia's largest hemp food production underway
- 8 December** South Johnstone Bauxite Project Update - bulk sampling undertaken
- 11 December** MCL : VitaCann breakthrough for GMP Quality Medicinal Cannabis
- 22 December** MCL & AEB join to develop Cannabis Veterinary medications
- 22 December** MCL escalates Hemp Seed Food Production
- 31 December** End of Quarter



2018 Highlights

MCL: VITACANN ANNOUNCEMENT

8 January

VitaCann Pty Ltd ("VitaCann") signed an exclusive joint venture agreement for a World First Pharmaceutical Grade Medical Cannabis Extended Release Pill with Canntab Therapeutics Limited ("Canntab") of Toronto, Ontario, Canada.



JOHN EASTERLING TO JOIN THE BOARD OF MCL

18 January

John Easterling to join the Board of MCL. He brings a wealth of experience and international contacts in the medical cannabis industry.



South Johnstone Bauxite Project



South Johnstone Bauxite Project Update

During the December 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 final granting of the MDL in October.

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 led the Company to strategically invest in a leading pioneering Australian Medical Cannabis and Hemp Company which the directors believe has major potential to capitalize significantly on its first mover advantage in this new emerging multi-billion-dollar global industry.

OPERATIONAL OVERVIEW

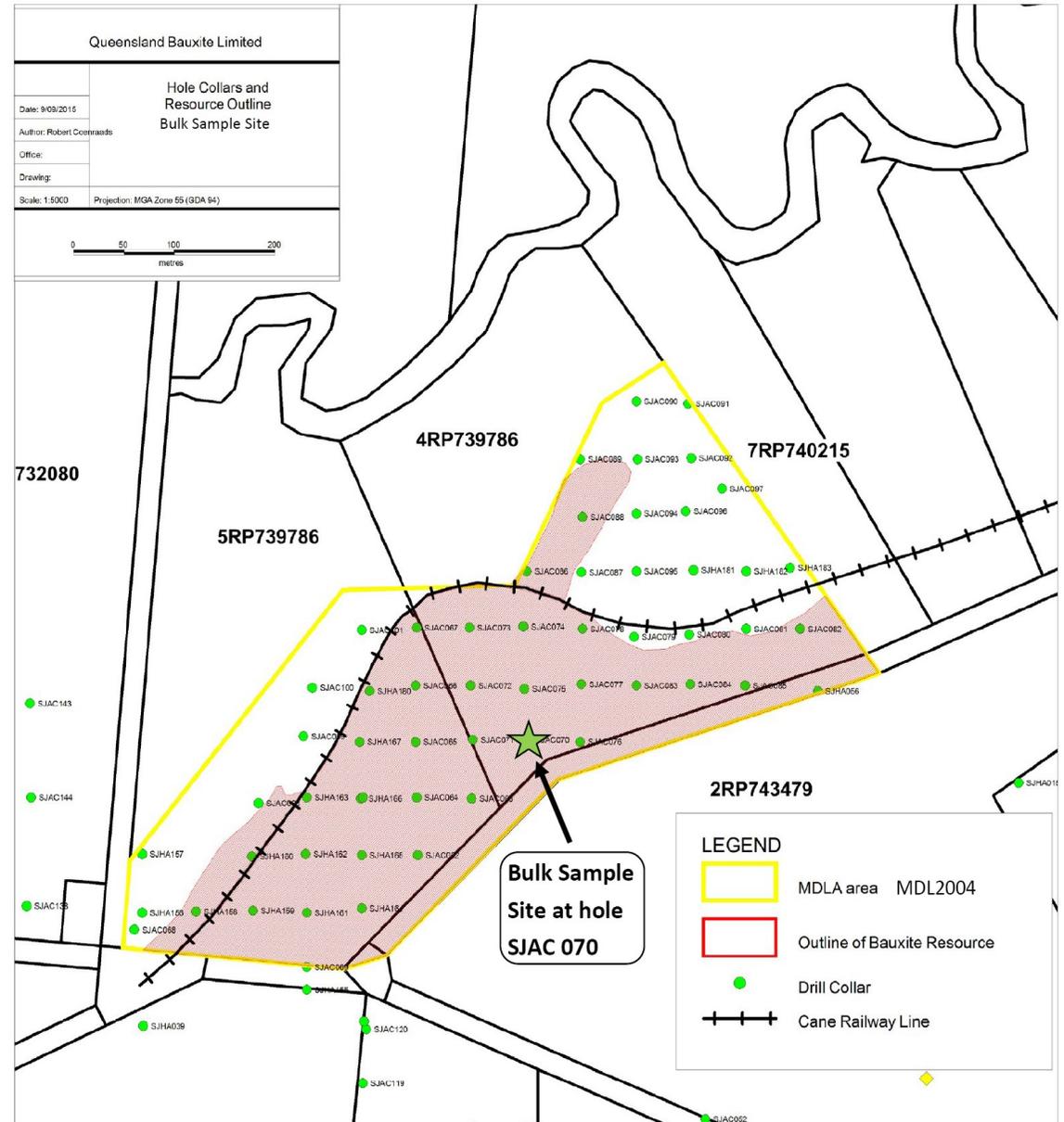
South Johnstone Bauxite Project

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.

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 work programme under the MDL has been progressing to plan, and bulk sampling has been undertaken in accordance with the work plan. The granting of the MDL has allowed the company to begin sending bulk samples of bauxite to potential customer refineries in order to secure off take customers for the bauxite ahead of anticipated production next year, and for the purpose of proving the economic and operational feasibility of the entire South Johnstone project with the aim of generating positive net cash flows in the near term under intended Mining Lease (ML) applications.



OPERATIONAL OVERVIEW



During November 2017, bulk samples were collected from the Camp Creek Bauxite Deposit from a depth interval between 0.6-2.5 metres within the QBL's new mineral development licence MDL2004 (see accompanying map). The bulk samples were taken to enable the Company to export test samples to refineries primarily in China displaying an interest in our product.

A 500g representative bauxite sample was sent to ALS Global for quality control testing and returned results of 30.2% available alumina and 2.8% reactive silica. This grade is very close to the average grade at Camp Creek and representative of the deposit as a whole.

Environmental monitoring consisting of a full seasonal range of dust, surface water and ground water data is being collected by Northern Resources Consultants (NRC) while MEC Mining continue to develop the mine plan for Camp Creek. These works are anticipated to be completed in March 2018. Together these will form the basis of the Company's mining lease (ML) application which is anticipated to be lodged by the end of April 2018.

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. The Board look forward to making this project the success we believe it will become.

OPERATIONAL OVERVIEW

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 should 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.



A still life composition featuring hemp seeds, a wooden bowl of hemp seed powder, a glass jar of hemp oil, and hemp leaves on a wooden surface. The scene is set on a dark, textured wooden table. In the foreground, a small wooden bowl is filled with a fine, light green powder. To its right, a pile of whole hemp seeds is scattered. In the background, a glass jar with a cork stopper contains a golden liquid, likely hemp seed oil. To the left, several slices of bread are visible, and a few fresh green hemp leaves are scattered on the table. The overall lighting is warm and natural, highlighting the textures of the wood, the seeds, and the powder.

MCL DIVERSIFIES QBL'S PORTFOLIO BY BECOMING PART OF WHAT IS EXPECTED TO BE A NEW GREAT AUSTRALIAN AND GLOBAL INDUSTRY IN THE RAPIDLY EVOLVING AUSTRALIAN CANNABIS AND HEMP SEED FOOD INDUSTRIES

SUMMARY UPDATE ON INVESTMENT IN MEDICAL CANNABIS LIMITED (MCL)

QBL's INVESTMENT IN MCL

The investment in Medical Cannabis Limited (MCL) 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 massive 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, its own legal source of Cannabis, and ongoing trial projects and technical direction. These assets are invaluable assets that has led the company to create major strategic alliances locally and internationally, including with the Canadian Canntab company which has developed a unique world first Cannabis GMP Pharmaceutical Grade Extended Release pill, and a Joint Venture with ASX listed AlgaeTech Limited (AEB) to develop medical Cannabis products for the animal industry.

MCL's strategy is to develop, register, and commercialise pharmaceutical grade Cannabis based

MCL TAKES A LEADING ROLE

MCL has also taken a central and leading role in the all-Australian hemp food production industry since November 2017, when consumption of hemp food products became legal in Australia. MCL is the only major fully vertically integrated all-Australian hemp food company, from the seed to the plate not only for its own Vitahemp brand, but also services many other Australian quality brands from seeds all the way through to processing.

JOHN EASTERLING TO JOIN THE BOARD OF MCL

The directors of QBL are pleased that John Easterling has agreed to join the board of MCL. John comes with a wealth of experience in developing therapeutical products from plants, which includes many years of experience in medical Cannabis cultivation and products.

He is nicknamed "Amazon John" due to the many years he has worked with plants and gemstones from the Amazon. He married Olivia Newton-John in 2008 and shares her passion in supporting the continuing growth of the Olivia Newton-John Cancer Wellness and Research Centre in Melbourne.

John is a big advocate for legislation reform in Australia to allow wider access to medical cannabis.



SUMMARY UPDATE ON INVESTMENT IN MEDICAL CANNABIS LIMITED (MCL)

He has met on numerous occasions with influential government officials on both sides of parliament, from the Prime Minister and members of the Coalition government to the Leader of the Opposition and shadow ministers, to promote the importance of access to medical Cannabis for patients in need of its benefits.

The Board of QBL believe that the addition of Mr Easterling and his experience, knowledge and contacts to the team of MCL, will add enormous value and assistance to MCL, to ensure that it continues to be the leading medical Cannabis and hemp company in Australia as the industry continues to open up to the massive local and global market opportunities.

Easterling's original degree is in Environmental Studies. He founded the Amazon Herb Company in 1990 and serves on the board of the Amazon Center of Environmental Education and Research and is affectionately known as "Amazon John". Mr Easterling's 28 years of Plant Medicine experience have been profiled on TV and Radio including "Good Morning America" and "Fox and Friends". His product formulations have sold over \$100 million world wide. John has been featured in two PBS documentaries, World News Report "Amazon John and Rainforest Medicines" and Jean Michel Cousteau's "Return to the Amazon."

His passion for cannabis as a plant medicine began with his first cultivation in 1970. He currently maintains a personal research garden of multiple cannabis strains in California and is co-owner of a licensed medical cannabis farm, Crystal Pharm Organics, in Oregon. He has bred a dozen new genetics and his focus now is formulating using a broad range of cannabinoid and terpene profiles for specific therapeutic benefits.

As a formulator and educator John has met with researchers and cultivators in many states in America as well as Canada, Israel and Australia and is convinced that cannabis and plant medicine can eliminate or alleviate most of the degenerative health issues people are facing. Easterling believes the dramatic growth and interest in cannabis is still in its early stages and Australia has a unique window of opportunity to become a global leader in this space.

The Board of QBL look forward to working with John in the development of MCL to the benefit of all shareholders.



QBL : MCL in joint venture with ASX listed AlgaeTech Limited (AEB)

ANTICIPATED CASHFLOW FROM MCL INVESTMENT



MCL RELEASES ITS HEMP PRODUCT RANGE UNDER THE NAME VITAHEMP

MCL developed its initial sample range of hemp products under the name Vitahemp, in November 2017 shortly after it was legalised. Hemp foods are an extremely nutritious form of food product made from low THC Cannabis.

The sample range has been received very well by consumers with strong positive reviews particularly around quality of product and taste.

The Vitahemp website was launched in the last week of December in order to enable the company to begin taking orders directly from consumers.

MCL is gearing up for the large production that will be taking place following the harvesting of the current seeds in March and April.

HHC UPGRADING ITS MACHINERY

MCL has worked diligently and successfully over this period to establish a fully vertical operation and has imported 20 tonnes of seed that is being planted and grown by 4 different leading expert and experienced farmers across hundreds of acres of suitable farmland. MCL has also purchased a controlling interest in Hemp Hulling Co, Australia's premier and largest hemp hulling and processing company.

Over the past couple months significant investment has gone in to upgrading the machinery at HHC to ensure that it will be able to process all the large quantities of hemp seed that MCL will be producing. It is anticipated that following the upgrade to be completed this coming month that HHC will be able to process up to 80 tonnes of seed per month.

HHC JOINT VENTURE WITH WALTANNA FARMS

In addition, HHC has a joint venture with Waltanna Farms, and together have formed the Waltanna Hemp Group, which now processes many other hemp products for the Australian market, such as our hemp oils and protein, using their expertise and machinery developed for the hemp industry. Waltanna are also one of our contracted farmers of our hemp seed.

Significant cashflow from these products is expected to commence in April 2018 when the current seeds being grown will be harvested and the product processed and manufactured utilising farmers, processing and manufacturing machinery controlled by MCL as above.

The Company is now well set to be Australia's premier Australian hemp food producer, with these vertically integrated strategic alliances formed to manage the farming, harvesting, manufacture, distribution, processing and marketing of the Vitahemp "gold star" product range on a large scale.

ANTICIPATED CASHFLOW FROM MCL INVESTMENT

CONTINUED

WORLD FIRST GMP PHARMACEUTICAL GRADE PRODUCTS FOR PAIN RELIEF

Equally exciting is the medical product range being developed with our 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 GMP pharmaceutical grade 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 operated through MCL's subsidiary 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 developing and producing products that are expected to be much sought after.

The first of these medical products is the Canntab product, with a world first Cannabis GMP Pharmaceutical Grade Extended Release pill that is expected to be received well by the medical establishment and authorities in Australia, as it revolutionises how medical Cannabis is delivered, as a normal standardised pharmaceutical pill instead of through smoking or oils that are both uncomfortable and more difficult to manage dosing.

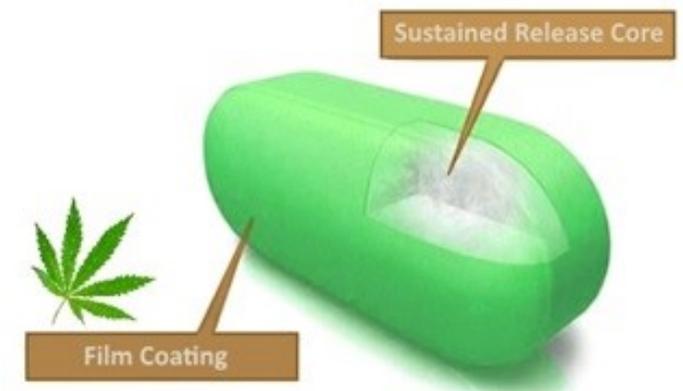
FIRST PILLS TO BE DELIVERED TO AUSTRALIA BY VITACANN: CANNTAB

The first pills to be delivered to Australia will be manufactured by Canntab in Canada in March. We would anticipate receiving the import approvals shortly thereafter and begin to provide patients and doctors with this product that we believe will be much sought after and should set the standard for medical cannabis in Australia for the future.

In addition, AEB have joint ventured with MCL to develop medical cannabis products for the massive animal industry. The animal industry are particularly looking for economic and suitable products to give animals for pain and anxiety treatments especially during transport and handling. The directors of MCL believe that the Cannabis products being planned for development by AEB should be the perfect solution.

The directors believe that this coming year should start seeing significant cashflow and profits for MCL from the above businesses. The Company is not yet in a position to project what these numbers may be until these products are introduced on a commercial scale into the market during this year, however the directors believe that MCL is well positioned to have a leading role in meeting what the directors expect to be a multi billion dollar demand for Cannabis products particularly in our target markets of Australia and Asia.

The directors believe that MCL should be able to generate significant profits over the coming year, and the directors intend to issue dividends to shareholders once these profits materialise.



VitaCann : CannTab “XR” Extended Slow Release Medicinal Cannabis Pill

FURTHER DETAIL ON THE ACTIVITIES OF MCL IN THE PAST QUARTER

A significant milestone was reached in Australia that has had a major positive impact on the potential business, cashflow and profitability for MCL. As of 12 November 2017, hemp foods products were made officially legal for human consumption in Australia. As a result, MCL, through its Vitahemp brand, is now well set to become the premier hemp food company in Australia.



Andrew Kavasilas

MCL is unique in that it owns its own Cannabis seed bank, has licenses to grow low THC Cannabis for nutritional purposes, currently has access to its own seed with which it is launching its own products and brand, has access to the farming expertise required to successfully grow and store hemp, and is currently planting over 20T of seed to be able to supply the significant expected demand over the next year for the newly legal nutritional hemp industry. This, together with the launch of the Vitahemp product range, gives MCL the unique position of being able to control the quality of this superfood product, with full Australian product quality and control, from the seed all the way through to the retail consumer.

Due to this unique situation controlled by MCL, MCL is set to become the leading premier Australian hemp food company with the ability to export our all Australian products into the Australian and massive global market.

Technical Director of MCL and HEMP Party Secretary and founder of Vitahemp, Andrew Kavasilas said, "It's a watershed moment on many fronts. Hemp seeds nutritional qualities are unparalleled so we'll have a truly healthy food finally available with new farming opportunities including access to a massive international market. This will also generate significant jobs, we're already seeing them in production, processing, logistics, design and packaging, marketing, wholesale and retail."

Hemp seeds contain a significant ratio of Omega 3, 6 and 9, tuned perfectly to the human body with plant based essential fatty acids and a full compliment of vitamins and minerals. The taste and texture is similar to nuts, but hemp has no known allergies.

Because of its superior nutritional profile and gluten free status, hemp seed ingredients are incorporated in muesli bars, salad dressings, pasta, breads, smoothies, biscuits, non-whey high fibre protein, flour and many other products.

Hemp seed is also used to make a simple natural non-dairy milk substitute with a legendary rich and creamy flavour, which Vitahemp is preparing to produce. Significant cashflow from these products is expected to commence in April 2018 when the current 20 tonnes of seed will have been planted, grown, and the product processed and manufactured utilising farmers, processing and manufacturing machinery contracted or controlled by MCL.

FURTHER DETAIL ON THE ACTIVITIES OF MCL IN THE PAST QUARTER CONTINUED

MOMENTOUS DEAL WITH PREMIUM HEMP PROCESSING AND INNOVATION GROUP

MCL's hemp seed foods arm Vitahemp has added to its vertical integration by securing a controlling share of Australia's best hemp seed processing and innovation group, to create the highest quality all Australian fully integrated hemp food group under MCL from the seed to the plate.

Not only does MCL have the important licenses to commercially grow low THC Cannabis, access to its own seed in bulk to grow hundreds of hectares of Cannabis as previously reported, and the premium experienced farmers who will grow the seed, but MCL has now secured control of the entire process from seed to planting to processing to manufacturing, packaging and distribution to the consumer. This includes mass planting of seeds to the ability to process and manufacture large quantities of all-Australian product to supply the rapidly growing local and global markets in a way which the QBL Board believes is second to none.

Therefore, the Board of QBL is absolutely delighted that MCL during the quarter signed an agreement to acquire a majority interest of Hemp Hulling Co (QLD) PTY LTD (HHC).

Andrew Kavasilas, Director of MCL and founder of Vitahemp, the brand which will lend its name to all MCL's hemp seed food products says "HHC is recognised as Australia's number one processor of Australian Grown food grade hemp seeds, with state of the art hemp processing equipment, and personnel with years of operational experience in the usage, upscaling and upgrading of the equipment with various adaptations and numerous practical applications of machinery specifically designed for hemp seed processing.

"It is a great achievement for MCL that we now have the direct control of the entire hemp food supply chain Industry from the seed to paddock to the table. This opportunity now places MCL firmly in the forefront of the new and exciting hemp industry".

Equally important to MCL as a company and to the timing and efficiency of its cashflow, is that most fortunately, HHC has already formed a strategic alliance with Waltanna Farms. HHC own 50% of Waltanna Hemp Group, a joint venture between Waltanna Farms and HHC. Waltanna Farms is Australia's leading natural processor of flax and hemp seed oils, proteins and flours, and together with HHC will now be producing the freshest and finest Australian grown Vitahemp branded hulled seed, highly digestible plant based protein powders, flours, ambient cold pressed oils and new previously undiscovered hemp food ingredients.

These products will be incorporated under the Vitahemp brand, so that MCL will be planting, growing, harvesting, processing, manufacturing, marketing and supplying the industry with a variety of hemp seed food products with Vitahemp/ MCL having control over the entire process, ensuring timely and maximum cashflow from bulk distribution locally and abroad for 2018 and beyond.

The Board of QBL are delighted that Peter Edwards of HHC has now also joined the MCL management team which is entrusted with leading the development of the Vitahemp brand.



Vitahemp Hemp Seed Oil

FURTHER DETAIL ON THE ACTIVITIES OF MCL IN THE PAST QUARTER CONTINUED

HHC Tasmanian Hemp Fields



Pnina Feldman, Executive Chairperson of QBL commented, “We are extremely pleased that someone of the calibre of Peter Edwards in this industry has joined the management team of MCL. Mr Edwards brings a wealth of knowledge and expertise that will be of great benefit to the development of Vitahemp during this crucial growth phase and beyond”.

HHC Founders, brothers Sebastian and Samuel Edwards, will remain at HHC and will continue to manage and further develop their proprietary and innovative Hemp seed processing plants.

The brothers have been involved in the Hemp seed industry since 2011. Together they bring a wealth of knowledge and sensibilities on Hemp foods, manufacturing, branding and distribution.

Premium processing of Australian grown Hemp foods and product innovation are not only important, but vital for an enlightened and mature market place.

Having the immediate access to and control of the processing capacity, experience, knowledge and innovations of HHC, saves MCL what would have been multi millions of dollars that would have been needed to be invested in its own set up costs in order to be guaranteed processing and manufacturing in the mass quantities MCL is looking to produce for the local and global marketplace. Perhaps more importantly than the saved financial capital outlay, is the time and experience it would have cost MCL to set up its own facilities and train its own personnel. This deal now brings all of that proven experience and already developed infrastructure for mass commercial hemp production immediately under the MCL Group banner. The immediate value generated by this deal to MCL is monumental.

Peter Edwards of HHC said “Both HHC and Waltanna Hemp Group will be fully committed to progressing the Vitahemp brand. We are excited to join the Vitahemp team and assist in developing all Australian pure health products that we believe in. HHC becoming a part of the MCL Vitahemp vision, and it’s alliances, is part of that journey. We are well set to become the most diverse Hemp Group in the world, a global leader in all we do. There is a real change and we will lead it.”

VITAHEMP PRODUCT LAUNCH - AUSTRALIAN GROWN GOODNESS

In late November, the team at VitaHemp launched VitaHemp's true Aussie Grown Hemp Foods!

The Board is anticipating that the successful launch of these premium all-Australian products, will generate significant cashflow for the Company in 2018.

NEW LEGISLATION GIVES VITAHEMP A MAJOR EDGE OVER COMPETITORS

New Australian Government regulations have now made a mandatory ruling that results in a 100% sterilisation on imported raw and hulled seeds. This new regulation provides VitaHemp a MAJOR edge over competitors who currently import either their seed or repackaged products into Australia.

VitaHemp team member Peter Edwards of Hemp Hulling Co said "The new Australian Government regulations have now made it very clear, there must be 100% mandatory sterilisation on imported raw and hulled seeds. This means that imported hemp seeds must now be irradiated and de-natured! This means that these seeds cannot propagate and are arguably dead seeds.

"VitaHemp is 100% Australian grown and produced, to the highest quality standards for the production of healthy nutritious hemp seed food products from LIVE fresh seeds which ensures maximum potency for the nutrition of the product, and is 100% Gluten Free with no known allergens.

"VitaHemp process live-fertile Australian grown Hemp seeds. Australian grown seeds are not only the best and freshest (As they do not require sterilization), but appear to be the only hemp seed - particularly hulled - that can be confidently bought and consumed in Australia. VitaHemp's all-Australian-grown hemp seeds are safe, nutritionally potent, and supervised throughout the process from extraction from the hemp plant and hulling to manufacture of the goods."

"Australian families should demand Australian grown hemp foods and Australian Gold Standard Quality Hemp Seed Products."

Mr Edwards adds "Personally, I am very excited to be introducing a new food to so many families who are now discovering the value of hulled Hemp seeds, powders and oils.

"To those who may not be aware, hemp seed foods are very much a family food. Australian grown Hemp seeds are not cultivated from the psychoactive component of Cannabis. Cannabis known as hemp contains only trace amounts of THC and are safe to be consumed by the entire family."

VITAHEMP PRODUCT LAUNCH - AUSTRALIAN GROWN GOODNESS CONTINUED

The VitaHemp initial Sample Range was produced in November, with further proprietary products currently being developed and some of these further products will be released to the public in coming weeks.

VitaHemp is also launching a proprietary Hemp Nectar infused, NPA Certified, *100% Australian Grown Healthy Hemp Honey!* The initial lab tests are showing powerful nutritional properties, that the VitaHemp team believe may be the world's healthiest and most nutritious honey with the additional bonus of a fantastic taste. Further testing is currently underway.

Andrew Kavasilas, Technical Director of MCL and founder of VitaHemp says "We are indeed proud of our current all-Australian range. We are so pleased to be finally manufacturing in bulk for the local and export markets.

"We are currently working on some unique products that we intend to launch in the coming weeks. From our internal research we understand they will be a huge hit with consumers. This initial range is just the beginning of our vision of being the leader and most innovative group in this new and exciting industry.

"The first of these unique innovative products is our VitaHemp honey. HHC together with the Waltanna Hemp Group have been working on a unique proprietary Hemp Nectar formula, not your average honey mixed with a little hemp seed or oil, but a proprietary honey formulation that is NPA Certified made of 100% Australian ingredients!

"We believe these products will be a massive hit especially in the large export markets in Asia and globally, and we look forward to working with HHC and Waltanna Hemp Group in further developing our unique product range".

STRONG INTEREST EXPRESSED FROM MAJOR MAINSTREAM NATIONAL CHAINS AND BUYERS

VitaHemp's Peter Edwards said "We have had significant interest from major recognized retail chains and multinational buyers for our initial range and we are confident that the current demand will far outweigh the supply. We are pleased with the current upgrading of the HHC production facilities which will now enable us to maximize our production as quickly as possible to be able to meet what we are seeing as strong demand that our new industry is not yet capable of meeting, but we will now be set to be able to meet significantly in 2018. We will do what we can to ensure that we can meet as much of this growing demand both in Australia and globally for our all-Australian gold standard high quality products."

VITAHEMP PRODUCT LAUNCH - AUSTRALIAN GROWN GOODNESS CONTINUED

The initial product range consists of VitaHemp Hulled Hemp Seeds, Raw Cold Pressed Hemp Seed Oil, Hemp Seed Protein Powder and Hemp Seed Flour blends, that all provide the core omegas, fibre, minerals and high concentrations of protein:

1) Hulled Freshly Produced Australian Hemp Seed, packed with nutrients including naturally occurring Vitamin D, a balanced source of Omega essential fatty acids and proteins, and have a delicious nutty flavour. The seeds can be eaten as is, or added to smoothies, salads, pizza, yoghurt, porridge, cereals or humous.

These seeds are being processed and packaged for VitaHemp by HHC.

The first batch is being sold in 500g packets of seeds at \$26.95 per packet RRP.

2) Raw, cold pressed, all Australian Hemp seed oil, a great source of anti-oxidants, vitamin E, minerals and vitamin D vital for calcium absorption, along with generous amounts of iron and zinc. Perfect for vegetarians and Vegans. It also adds an amazing nutty flavour to recipes and is recommended for use in smoothies, salads, vegetables and pasta dishes.

The first batch is being sold in 250ml bottles at \$17.95 each.

3) Hemp meal, sold in 1kg packets for \$19.95 per packet.

4) VitaHemp Milk is a delicious replacement for dairy milk and more nutritious than most other non-dairy milk substitutes. You can come and taste some of our delicious Hemp milk at the expo, and see it being made fresh! Our range of milks is currently being developed and we hope to announce this exciting introduction to our range shortly. See here a link to a video of Andrew making hemp milk:

<https://www.youtube.com/watch?v=X8O0uOACjX8&feature=youtu.be>

5) VitaHemp Honey is the first of our “Innovative Product Range” and is described above. It will be sold in 320g jars and is currently being prepared for production. The anticipated registered retail price will be \$49.95

6) Hemp Protein Powder is highly digestible, naturally low in carbohydrates and high in BCAA’s. Meaning that hemp protein is your one stop shop when it comes to looking after your body’s health. Hemp protein does not possess any intoxicating properties but does naturally contain all 10 essential amino acids, omega 3, 6 and 9, calcium, folate, iron, vitamins, protein and more.

The protein powder is currently being sold in 500g packets at \$34.95 each.

7) Hemp Sprinkles is a wonderful entry-level hemp seed Food, extraordinarily high in Fibre (70%) and is being sold for \$9.95/kilo.

8) Hemp Seed Flour is a plain, non self-raising flour, and is recommended to be mixed with other flour in the ratio of 1 to 2. Hemp flour makes nutritious cakes, biscuits, breads and pastries. Hemp flour is plant based and naturally gluten free – no known allergens - and is a nutritious and flavorsome alternative to wheat flour. Hemp flour brings together all the value necessary for a healthy and high-fibre diet. It is a great substitute for those with gluten intolerance. It is currently being sold for \$10.95/500g.

See here a video of Andrew speaking about what can be done with hemp flour, other hemp products and future products:

<https://www.northernstar.com.au/videos/hemmp-food-offers-wide-range-options/55189/>

VITAHEMP PRODUCT LAUNCH - AUSTRALIAN GROWN GOODNESS CONTINUED



Pnina Feldman
Executive Chairperson of QBL

“THIS IS JUST THE BEGINNING”

MEDICAL PRODUCT DEVELOPMENT AND RESEARCH ACTIVELY PROGRESSING

Pnina Feldman, executive Chairperson of QBL said “The legalization of hemp seed foods in Australia has opened Australia to a new local and global industry of enormous potential. We are proud to have been fortunate through our investment in MCL to be at the forefront of this hemp seed health revolution. This is an exciting time for our company and for all our shareholders.

“We are very pleased with the development of MCL and VitaHemp in such a short period of time. This is independent of the medical research and product arm of MCL which is equally as exciting for QBL in product development, research and market advantage. We are thankful that we have been able to be in the right place at the right time in such an important industry. This is not just a huge and lucrative investment for our shareholders, but also a major opportunity to contribute to the health and wellbeing of society at large. An area which we all feel for so passionately. Together let us make this world a healthier and happier place. This is just the beginning. “





**AUSTRALIA'S LARGEST HEMP FOOD
PRODUCTION UNDERWAY**

AUSTRALIA'S LARGEST HEMP FOOD PRODUCTION UNDERWAY

Mass Production Underway

A significant amount of approximately 60 metric tonnes of hemp seed ready for food production, is being held for Vitahemp in storage. 20 metric tonnes has been transported to Waltanna Farms for oil, protein and flour production by MCL's joint venture company Waltanna Hemp Group. A further 10 metric tonnes has been delivered to MCL's production company Hemp Hulling Co for seed processing. This forms the basis of the initial bulk commercial product launch prior to the bigger launch in April 2018 following the harvest of our hemp crops.

Mass Farming Underway

This is in addition to the 20 tonnes of seeds being planted by MCL's contracted farmers that should yield a further hundreds of tonnes of seed for Vitahemp's further planned ramped up bulk production in April 2018. A further larger Autumn crop is being planned to enable the continuation of supply to continue to meet the expected demand.

Vitahemp is now well placed to be the first mover and leader in the Australian hemp seed food industry, and the board of QBL are pleased to see the Team at Vitahemp meeting its milestones under its business plan for the roll out of its premier Gold Star quality brand.

Vitahemp Website

With all the recent significantly progressive developments enumerated in focus and product development, Vitahemp is proud to have launched its website where products can now be bought directly from the Company. Orders are now being dispatched directly from our Coolum Beach logistics base.

The website can be accessed at www.vitahemp.com



AUSTRALIA'S LARGEST HEMP FOOD PRODUCTION UNDERWAY CONTINUED

WHAT SEPARATES MCL FROM OTHER INDUSTRY PLAYERS?

It is the opinion of the QBL and MCL Boards that MCL is currently more advanced in many core sectors than any of the other industry players.

COMPLETELY VERTICALLY INTEGRATED FOOD PRODUCTION FROM THE SEED TO CONSUMER

Vitahemp is the only vertically integrated Australian grown hemp seed food company with broad experience, capability and proven track record in production and processing from farm to shelf in its own right, as well as providing top quality contract processing and packaging services for others in the industry. MCL technical Director Andrew Kavasilas said: "Vitahemp is now set to expand its boundaries beyond a single brand. We have recognized the need for a multi brand approach that meets diverse market sectors, consumer taste, retail optimization and location.

"We are continuing to work diligently on innovative products and packaged concepts designed for easy use and as a way of familiarizing and introducing new customers and health conscious consumers. Launches will be graduated, and future announcements will be made as new products make their way through development and become ready for market."

IMPRESSIVE CLIENT LIST

Peter Edwards of Hemp Hulling Co (HHC) says: "With MCL's controlling interest in the Hemp Hulling Co (HHC) and partnership with Waltanna Hemp Group, the company is now processing, packaging and supplying hemp seed food products to clients such as EM Superfoods, Thompsons, Green Path Organics, Australian Grown Naturals to name a few. These products can be found on shelves in 100's of health food shops and allied retail outlets such as Chemist Warehouse and GoVita as well as Australia wide distribution by Unique Health Products. There is no doubt MCL has now achieved an important position as a central hub in the emerging Australian hemp seed food industries."

UNIQUE PRODUCTION EXPERTISE

Sebastian & Samuel Edwards said. "HHC is the only specialized Australian grown hemp seed hulling facility in Australia and often first choice on providing premium contract processing. Over the past 6 years, HHC have redesigned, modified, upgraded and up-scaled its operations, now undergoing an additional fit-out enabling 60-80 tons outflows per month of whole hemp seed."

Waltanna Hemp Group operations are very well experienced in the development of machinery, and employ state of the art oil expelling equipment which use minimal heat, no light or oxygen and nitrogen flushed through the process. This gentle process leaves the remaining 'hemp cake' in optimal condition for milling into flour, protein and sprinkles. Vitahemp understands there is no other company in Australia with such credentials and experience in hemp seed hulling and oil extraction.

Additionally, Waltanna Farms are working on a major hemp seed processing line upgrade for its premium oils, flour and protein powders in preparation on processing what will be the biggest harvest of Australian grown hemp seeds in history.

AUSTRALIA'S LARGEST HEMP FOOD PRODUCTION UNDERWAY CONTINUED

THE HEALTHIEST SEEDS FOR SOWING

Vitahemp breeds and imports 'seeds for sowing' from highly regulated internationally recognized breeders with the ability and capacity to treat bulk shipments to meet Australia's strict Quarantine, Customs and Import restrictions.

THE HEALTHIEST SEEDS FOR FOOD PRODUCTION

All our Vitahemp products are made only from 100% Australian grown Hemp seed thus achieving maximum health and nutrition. Vitahemp does not and has never imported hemp seed for human consumption.

Other companies are importing hemp seed into Australia to make their hemp seed food products. Recent changes to quarantine and import laws in Australia mean that all imported hemp seed to be produced in Australia for human consumption or cosmetics, whether sold as organic or not, must be denatured and killed, rendering it a dead seed.

This kind of treatment significantly effects nutritional qualities, shelf life and may compromise the health, therapeutic and nutritional benefits attributed to the use hemp seed oil, and foods. Vitahemp foods are exclusively from all Australian grown fresh hemp seeds, retaining all the nutritional quality that the consumer would expect from this super food.

EXPERIENCED AND INNOVATIVE GROWERS

Vitahemp only works with carefully selected very experienced and some of the most innovative growers in Australia. Vitahemp supplied unique varieties of sowing seed to three major growers in Victoria and New South Wales, as well as several other smaller contract farmers working on expanded varietal seed multiplication projects. Harvest begins in March 2018.

One such grower is Mike Nagorka from Waltanna Farms. Waltanna Farms are in their fifth generation of flax farming and have a rich history that dates back to the 1880's. They are currently Australia's largest Flax Seed grower and processing group, and having recently formed Waltanna Hemp Group with HHC in Coolum Beach, are now Australia's leading Hemp Seed Foods processing group working under the MCL banner. Proving perfect vertical engineering and preparing for new harvests.

On the images provided below, you can see the Waltanna Farms sowing new season hemp seed and its crops at 5 weeks growth.

**AUSTRALIA'S LARGEST HEMP FOOD
PRODUCTION UNDERWAY
CONTINUED**



Sewing Hemp Crops

Hemp fields at 5 weeks growth



MEDICAL CANNABIS LIMITED

MEDICAL / THERAPEUTIC





MEDICAL / THERAPEUTIC

MEDICAL / THERAPEUTIC FOR HUMANS

MCL produces vast amounts of cannabinoids from its unique Australian seed bank which will be required by researchers, processors, product and drug developers wishing to take advantage of recent changes to Australian laws in relation to the use of Cannabis for medical purposes. MCL has an immense amount of first hand experience in this area since 1999, and continues to work on its collaborations, product development and other opportunities with many other companies and entities in the Australian and International Medical Cannabis and research arenas.

MEDICAL / THERAPEUTIC FOR VETERINARY PURPOSES

MCL recently announced a deal with AlgaeTec (ASX:AEB), whereby MCL will become a 19.9% shareholder of AEB, and AEB will be working with MCL's unique fifteen-year cannabinoid and seed bank collection for product development for veterinary purposes, including therapeutic and pain relief purposes for animals. This is likely to also act as a precursor for similar medical cannabis product development for humans.

Pnina Feldman, Executive Chairperson of QBL, says "Mr. Kavasilas' and MCL's unique seed bank collection and knowledge of cannabinoids of value will continue to form the basis of strong strategic relationships in the medical cannabis industry, both here and overseas, that will allow MCL to continue to be at the forefront of medicinal cannabis research and product development."

MEDICAL / THERAPEUTIC CONTINUED

MCL AND AEB JOIN TO DEVELOP CANNABIS VETERINARY MEDICATIONS

The Boards of Queensland Bauxite Limited (ASX:QBL) and Algae.Tec Ltd (ASX:AEB) are delighted to announce a significant Australian ground breaking agreement whereby AEB will exclusively license Medical Cannabis Limited's Low THC Delta 9 Cannabis cultivars from the unique Australian Cannabis seed bank owned by Medical Cannabis Limited.



MCL's License to AEB is in order to establish a breeding program to identify cultivars for use in cannabinoid product development to research and develop stock and veterinary medications, supplements and sophisticated animal therapeutics.

MCL will provide AEB with additional assistance and expertise required to cultivate the Cannabis plants, while MCL retains the exclusive rights to develop these cultivars for human medical research and development.

This agreement sets AEB up amongst the very few Australian medical cannabis companies with an Australian lawful source of cannabinoid producing plants, starting material, genetics and hands on experience to put it at the forefront of the new age in Australian Medical Cannabis law reforms. It also enables MCL to significantly benefit from the groundwork, research and product development that will be performed by AEB.

Being able to capitalise on this early mover opportunity, AEB intend to call on its in house expertise and research and development collaborations to develop these medications and therapeutics for the animal and livestock industry.

Malcolm James, Executive Chairman and Managing Director of AEB said.

"We knew the securing of a certified starting material would be a key component to our future endeavours, this agreement far exceeds this and will build on our available expertise in the field and consolidate to a far greater degree the groundwork we have already done in a relatively short time."

The agreement seeks to combine resources, experience and technical knowledge to enhance and fast track research in several fields of animal treatment, care and health which have been identified as feasible and untouched entry points.

The international market for veterinary supplies is a multi-billion dollar industry. Though product development in the veterinary field isn't as expensive as human drug development, many human medications are routinely discovered or adapted from animal trials and research.

It is the goal of AEB to be actively developing medical cannabis products for animal use in 2018 and to be the leaders and at the forefront in supplying the huge local and global animal industry with these unique products. There is a massive demand in the animal industry for suitable and safe drugs for the transport and general treatment of animals whether for anxiety or pain related problems, and appropriate cannabis products is believed to be the perfect solution, which AEB intends to introduce to and provide this huge industry and its demand.

MEDICAL / THERAPEUTIC CONTINUED

Malcolm James (AEB) added, *"There's no doubt we have secured one of the most coveted assets in the medical Cannabis industry, being our own exclusive lawful and licensed Cannabis seed bank for our further business development. We are most appreciative to MCL for this contribution. We are adamant that 2018 will essentially be an extremely busy and fruitful year with many plans being put into action while both our companies take advantage of new and innovative opportunities this agreement now opens for us.*

"MCL can ensure a seed base will be granted to begin breeding and multiplication programs that will produce a suitable and consistent bulk supply of cannabinoids for research through to full production of developed products. AEB will be the exclusive world-wide distributor of all products developed by AEB, and we are pleased to have been entrusted with this valuable asset by the team at MCL."

MCL's Technical Director Andrew Kavasilas has a long history of growing and breeding Cannabis cultivars under various permits in Australia since 1999. Growing under permit in NSW, Mr Kavasilas recently grew specially selected cultivars to determine cannabinoid variations, cannabinoids of interest, as well as terpene and volatile determinations.

Cannabinoids including THC (Delta(9)-tetrahydrocannabinol), CBD (Cannabidiol), CBG (Cannabigerol), CBN (Cannabinol), and other important acid forms were measured, whilst many other unidentified cannabinoids remain present.

Terpenes and volatiles are another group of complex compounds produced by the cannabis plant. These compounds make up the aromas associated with the Cannabis plant and are thought to exert their own medical beneficial properties while modulating and moderating the effects of cannabinoids.

Mr Kavasilas said. *"We're all well aware that all genuine drug development involves animal testing, and there definitely is no better place to start the journey than to look at large stock, other farmed livestock and companion animal drug development which will produce an immense amount of data to feed into subsequent human applications".*

By initiating such an agreement, AEB and MCL believe that other Australian companies will seek to join forces to help shape the future landscape being tentatively developed in Australia since changes by the Federal Government in relation to medical cannabis law reforms opened the door to legitimate cannabis investments.

Mr Kavasilas added. *"This agreement gives AEB a uniquely rare and tangible direct entry point to the under-researched pavilion of veterinary cannabinotherapy production where very few companies in the world have been able to enter within Federal government laws.*

"The nature and spirit of this agreement indicates the high level of cooperation needed to be demonstrated by intelligent companies to achieve meaningful outcomes in the shortest possible time lines".



Andrew Kavasilas

MEDICAL / THERAPEUTIC CONTINUED

Under the Licensing agreement, it is intended that MCL be issued with AEB shares in order for MCL to become a 19.99% shareholder of AEB. The material steps of the license agreement are:

- a) AEB paying a deposit to MCL of 50 million AEB shares on execution of this Agreement;
- b) upon Shareholder Approval, a further issue of AEB fully paid ordinary shares to MCL to bring MCL to be a 15% shareholder of the then issued capital of AEB with 1 non-transferable option for every 5 shares issued (including the Option Fee 50 million shares) with a strike price of \$0.075 and maturing on 31 December, 2020 (“Options”);
- c) paying a further equivalent of 4.9% of the issued capital in AEB, to bring MCL to be a 19.9% shareholder of AEB at that time, together with attaching options as per 3(b) above, on the date that AEB extracts oil from MCL cultivars;
- d) 5% net royalty payable to MCL on any human applications coming from AEB’s development of animal products; and
- e) All shares issued in accordance with the agreement shall be subject to a 12 months voluntary escrow period from date of issue; and
- f) MCL will be entitled to appoint a representative on the board of AEB to be approved by the board of AEB, such approval not to be unreasonably withheld.

The board of QBL is extremely pleased with this latest development of yet another strategic alliance, and looks forward to seeing a successful mutually beneficial relationship develop with AEB in 2018.

MCL LEADS IN MEDICAL CANNABIS WITH CANNTAB DEAL

VitaCann Pty Ltd (“VitaCann”) has signed an exclusive joint venture agreement (the “Joint Venture”) for a **World First** Pharmaceutical Grade Medical Cannabis Extended Release Pill with Canntab Therapeutics Limited (“Canntab”) of Toronto, Ontario, Canada.

VitaCann is a wholly owned subsidiary of Medical Cannabis Limited (“MCL”), subsidiary of Queensland Bauxite Limited (ASX:QBL),



MEDICAL / THERAPEUTIC CONTINUED

MCL believes this product to be a **game changing** medicinal solution

New Australian Federal Government export approval gives MCL clear and tangible opportunities to expand production, processing and manufacture of its unique Cannabis seed bank, genetics and products into the existing worldwide multi-billion dollar markets.

The Australian Government has willingly put in place legislation to enable a **consistent pharmaceutical grade GMP quality pill product** such as the Canntab pill now secured by VitaCann, to be approved as a general prescription medication subject to an **established approval process**. This is unlike the legislative framework for current medical cannabis products being produced by **nearly all other** cannabis companies that without a consistent pharmaceutical grade product may find it difficult to get approvals.

Doctors will be more comfortable prescribing a pharmaceutical grade pill rather than allowing patients to smoke cannabis.

This XR pill is aimed to address the concerns raised by politicians, policy makers, medical professionals and medical cannabis patients who are looking for a better cannabis medicine delivery option

Possible solution to the opioid crisis.

Canntab currently have several formulations of this pill to treat a variety of illnesses.

The Board of QBL is excited to be involved with this World First venture

The Board of QBL is thrilled to be involved in bringing to Australia, through its subsidiary MCL, a fundamentally new product in the world cannabis market, and especially in the Australian market that should be one that will be accepted by the medical industry at large due to the unique benefits and advantages enumerated below.

Pnina Feldman, Executive Chairperson of QBL says, *“it is exciting to be involved in a venture which aside from its lucrative business prospects, aims at helping so many people in need of safe pain relief and other cures. Everyone knows someone who could benefit from this new technology, and it is deeply satisfying to see positive results with friends or family in dire need of such medication.*”

“MCL will strive to educate the political, medical and general community as to the benefits of this new form of medication (the Cannabis pill-XR), in the hope that Australia will now lead the rest of the world in progressing the currently amateur global medicinal cannabis market into a real medical pharmaceutical quality industry to the strict and globally respected Australian standards that the mainstream medical industry will accept. It is our belief that this unique Canntab pill will do just that.”

MEDICAL / THERAPEUTIC CONTINUED

Andrew Kavasilas says, "With the much anticipated Federal Government announcement in relation to the export of medical cannabis products by Australian companies, this Joint Venture constitutes a **leap forward** in the Medicinal Cannabis Industry in Australia, by MCL having the foresight to develop such a deal and the signing of a joint venture agreement between Canntab Therapeutics of Canada and VitaCann, MCL's medical product arm."

Jeff Renwick, CEO of Canntab said: "We're excited about the new Australian export laws **and our collaboration with VitaCann and MCL** in Australia. It is a testament to the forward thinking of MCL and the medicinal delivery technology developed by our team Canntab.

"This deal also allows us to bring to the Australian market a significant advancement in Cannabis based medicines, for which VitaCann will work towards securing the necessary approvals for distribution in Australia. We believe that the current legislation in Australia will allow a pharmaceutical product of this nature to be approved for testing, distribution and sale in Australia."

"Canntab's patent-pending extended release formulation for the first time lets doctors understand the actual products and establish the appropriate dosage for their patients. This will make taking medicinal Cannabis much easier for patients, which should translate into more effective treatment regimes and options."

BACKGROUND

There is now a growing trend of national and international entities recognising the medicinal and therapeutic benefits of Cannabis. Major legislation and fast tracking of policies have been introduced in Australia, Ireland, Germany and the Philippines amongst others for the legalization of Cannabis for both medicinal and recreational uses. The interest in Cannabis to be used for medicinal purposes is growing exponentially.

Notwithstanding the recent legislation passed in Australia to allow medical Cannabis products, the industry has so far struggled to introduce products that the Australian medical industry or Government can approve or endorse, due to the challenges enumerated below. It is our belief that Canntab's proprietary product **addresses these challenges**, and will, once the formal clinical trials have been completed, find general acceptance among medical professionals and will be approved for widespread prescription use in Australia, and therefore will also be approved for export under the newly proposed legislation.

MEDICAL USES

Though there is no pharmaceutical grade Cannabis medicine yet available to doctors to prescribe anywhere in the world, in some countries that provide Health Department exemptions like Israel, Canada and some American States, high THC Cannabis has been approved for use by patients to alleviate symptoms of arthritis, chronic pain, diabetes, epilepsy, anxiety, fibromyalgia, glaucoma, Hepatitis C, HIV/AIDS, autism, amongst many other ailments.



Putting the "medical" into medicinal cannabis.

MEDICAL / THERAPEUTIC CONTINUED

It is our belief that these new pharmaceutical grade Canntab products however will, subject to going through the formal approval process, achieve the approvals required under the current legislation to be the premier medical cannabis product that can be **confidently recommended and prescribed** by the medical fraternities in Australia and globally.

It is therefore the view of the Board of MCL that the Canntab products will **propel MCL** to be the leading producer of approved medical Cannabis products in Australia **well ahead** of any other competitors.

LANDMARK STUDY

2017 report by the US National Academy of Sciences Engineering Medicine reviewed 10,000 abstracts and confirmed that one of the therapeutic uses of cannabis and cannabinoids is to treat chronic pain in adults. The committee found evidence to support that patients who were treated with cannabis or cannabinoids were more likely to experience a significant reduction in pain symptoms.

<http://www8.nationalacademies.org/onpinews/newsitem.aspx?RecordID=24625>

Medical Cannabis use does not appear to have many of the dangerous and toxic side effects that come with many other medications, making this product a potential solution to the serious global opioid crisis amongst many other major benefits.

SOLUTION TO THE MAJOR ROADBLOCKS TO THE USE OF CANNABIS FOR MEDICAL PURPOSES

The current delivery methods for Cannabis have significant shortcomings. Medical practitioners report that the current delivery methods are mostly unreliable, hard to accurately manage dosage, and there is also a clear stigma attached together with potential dangerous side effects with smoking and vaping. Dry flower (bud) smoking for example, which accounts for a significant percentage of medical cannabis sales in Canada, has major issues of dosage management issues, patients cannot consume discreetly, carcinogens are inevitably inhaled and is inappropriate for children.

CANNABIS OILS

Rapidly rising in popularity, oils and sprays are orally administrated solutions that addresses issues caused by smoking. However, issues of this method of delivery include: unreliable onset time for patients and highly variable timelines for peak blood plasma, causing “stacking” (taking too much) by misdosage, and besides, there are significant storage and stability issues, including potentially going off or losing its potency within relatively short periods of time.

MEDICAL / THERAPEUTIC CONTINUED

WHAT ABOUT TOPICALS

Topicals are produced with oils by blending them with a fatty acid or propylene glycol. Topicals are typically only used for localized pain. This is a relatively inefficient delivery method that cannot address a myriad of other issues and ailments, including, specifically, dosage control.

SYNTHETICS

Synthetically produced cannabinoids have been around for decades and have never proven themselves to be appropriately efficient. Used as the principal component in pharmaceutical grade drugs such as Marinol, evidence to date show that synthetics lack a number of the benefits of natural or whole Cannabis cannabinoid extracts.

WHAT IS THE LOGICAL MEDICAL CANNABIS SOLUTION?

Andrew Kavasilas answers, "First we must understand the difference between the high THC medical Cannabis being smoked by almost all patients in countries that provide a Health Department exemption for people to use it, and pharmaceutical cannabinoid medicines which are regulated by Federal Government bodies and which doctors will be more inclined to recommend or prescribe. These are the types of products **that must be developed** and now we believe that **CannTab has done just that.**"

THE CANNTAB SOLUTION

Canntab's proprietary extended release tablets make it easier for doctors and patients to manage dosage. They're easier to take, eliminate social stigma, and do not have the adverse side effects of smoking marijuana.

Significantly, The Canntab XR tablets have incorporated proprietary extended release technology allowing patients to experience consistent extended relief.

Canntab's unique sustained release dosage is designed to release the active pharmaceutical ingredient at a predetermined rate in order to maintain a constant drug concentration over a specific period of time – resulting in a longer duration of action from a single dose of between 12 to 18 hours, and often with reduced side effects. These same results cannot be achieved by other delivery systems, such as smoking, vaping, or edibles.

JOINT VENTURE

The joint venture has been formed, to market and sell the Canntab proprietary products in Australia with a first right to distribute throughout Asia. VitaCann and CannTab will work towards having Canntab's tablets formally approved for sale in Australia and to export to Asia. Pursuant to recent and evolving legislation in Australia, the Canntab product should qualify for approval, as it should meet all the standard medical requirements that would be expected by the medical industry and deals with the above mentioned issues and without the problems that nearly all other Cannabis products to date have faced.



Putting the "medical" into medicinal cannabis.

MEDICAL / THERAPEUTIC CONTINUED

We believe that the patents filed and pending protects key features of our IP, and positions Canntab to be the definitive Cannabis delivery method of choice among the established medical professions and ever expanding number of Australians using cannabis everyday for medical purposes, and an even greater number who would find benefits from its use.

INNOVATIVE INTELLECTUAL PROPERTY

The Canntab – VitaCann JV has robust intellectual property licensed by Canntab, with access now to MCL's unique Australian Cannabis strains, and six filed patents protecting the Extended Release Tablets™ (XR).

Patents for unique formulations targeted at specific ailments have already been filed with the Canadian Patent Office.

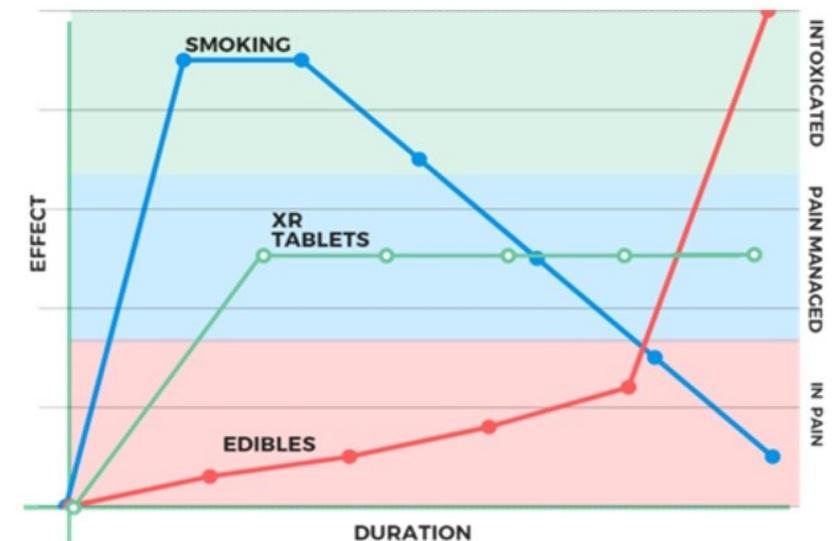
DESIGNED FOR PATIENTS FOR ACCURATE DOSING

Even distributions of cannabinoids throughout the tablet dosing in 2.5mg, 5mg, and 10mg permits the patient taking the tablet to effectively titrate (“build up to”) with full knowledge and awareness of their medication intake, making it easier for doctors and patients to manage dosage. This is also in stark contrast to the inconsistency of oils and combustibles.

Simply put, a responsible medical professional would rather recommend a patient take uniform dosage tablets produced to pharmaceutical industry standards than smoke Cannabis.

YOUTH PATIENTS

Appropriate consumption method for youth patients. Ease of portability and storage of the product permits patients to have more individual freedom. [CBD/THC Variations XR Tablets](#)



The tablets are designed to specifically regulate the percentages of Cannabinoids and Terpenoids depending on the needs of the patient. This allows confident, reliable and consistent-dose use by patients requiring high CBD medication (i.e. epilepsy) as well as high THC medications (lack of appetite brought in by chemotherapy). A stark contrast to the inconsistency of oils and smoking!

MEDICAL / THERAPEUTIC CONTINUED

Amongst the advantages of Canntab XR Tablets™ are: Quick Onset, Together with Long and Stable Relief

Unlike other oral delivery methods, Canntab utilizes Flash Melt delivery which allows absorption to begin immediately providing rapid relief to patients.

The XR tablets have incorporated proprietary extended release technology allowing patients to experience consistent extended relief.

CANNTAB OFFERS STABILITY

Patients that use **XR tablets** will be able to achieve rapid relief with even titration over an extended period.

Combustion of dry flower, while providing relief within seconds has a relatively short duration, often just 2 hours for most patients.

Edible solutions provide longer relief, but their slow onset time can be a major issue for those with chronic issues and the risk of “stacking” is more prevalent.

Canntab’s **unique Sustained Release Dosage** is designed to release the active pharmaceutical ingredient at a predetermined rate in order to maintain a constant drug concentration over a specific period of time – **resulting in a longer duration of action from a single dose and often with reduced side effects.**

EXTREMELY VALUABLE MEDICAL CANNABIS BREAKTHROUGH

The Sustained Release Product is designed to release the cannabinoid content over a period of at least **12 hours**.

Sustained release formulations of pharmaceutical products are particularly valuable in the treatment of chronic conditions, such as chronic pain, where patients tend to need “around the clock” relief. There is substantial evidence that cannabis is effective for the treatment of numerous conditions including neuropathic pain.

This sustained release patent pending IP will form part of the first trials to be conducted in Australia to clinically prove the technology locally to TGA standards in order to achieve the Australian Government and TGA approvals.



MEDICAL / THERAPEUTIC CONTINUED

As a result of the Canntab product and technology, and the current legislative environment in Australia, the Joint Venture feels that approval in Australia should be achieved. This could lead to approval of the Product in other countries. MCL is confident that the Canntab tablet will be the product of choice for the massive multi-billion-dollar medical cannabis industry, and will confidently be prescribed by the medical industry in Australia and throughout the world.

UNIQUE PROTECTED PROCESS IN THE MANUFACTURE OF THE PILL

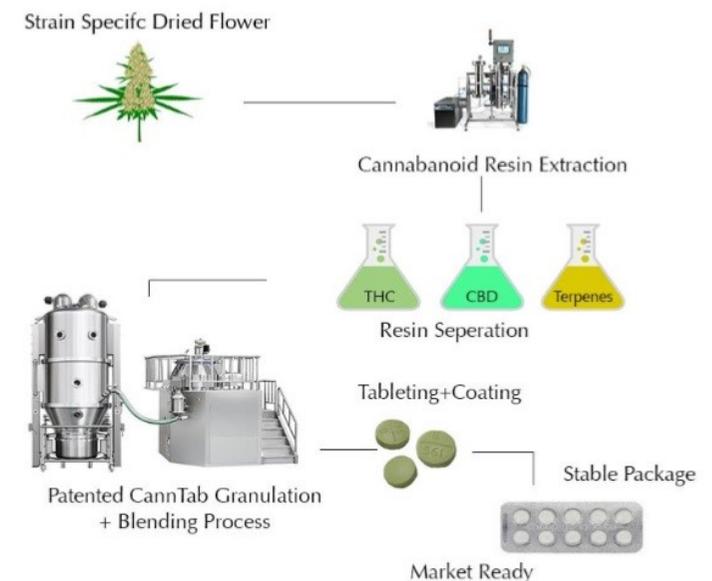
1. CULTIVATION: The dry bud is harvested from top-tier suppliers that deliver consistent flower with consistent genetic profiles while being free of pesticides. MCL also owns its own unique seed bank. MCL and Canntab will collaborate to identify MCL cultivars from its seed bank with optimal and similar cannabinoid profiles and ratios as used in the primary production.

2. EXTRACTION: Co-located extraction using CO2 and not hydrocarbons such as hexane or butane, will be used to extract the key cannabinoids (THC, CBD). This raw extract will be the principal active ingredients in XR Tablets.

3. GRANULATION AND BLENDING (Key IP) The company's strategic patents filed and pending permit the extract to be granulated and blended into individually dosed pills for even distribution of cannabinoids offering critical features including rapid onset and steady extended release.

4. PACKAGING: The final stage will involve individual packaging into blister packs that will allow patients ease of consumption, accurate dosing, and awareness of when they need to refill.

MCL Technical Director Andrew Kavasilas said, "this agreement sets the scene for MCL to use its own Cannabis strains to initiate and be at the forefront of Australian based collaborative research into technical extractions and cannabinoid refinement, preclinical formulation, clinical development, regulatory approval, manufacturing and commercialisation of many unique and proprietary Sustained Release Products for the treatment of the many illnesses that different formulations of Cannabis may treat".



MEDICAL / THERAPEUTIC CONTINUED

CANADIAN APPROVALS IN PLACE

Canntab is expecting to produce the initial trial batches of GMP standard product in February and March 2018 which will permit the company and its Canadian partner to submit to Health Canada for marketing approval in order to ramp up its production of Sustained Release Products. Canada already has a proven track record in the export of Cannabis and Canntab already has the ability currently to export its product from Canada to countries with corresponding import legislation such as Australia.

PLANS FOR AUSTRALIAN IMPORT APPROVALS

Australia has allowed importing of medical cannabis products, and MCL will be expeditiously applying for import permits for the Canntab product.

This includes further detailed analysis of the procedures already utilised to import other medical Cannabis products, including the unlicensed and unregistered products imported to Australia by other companies.

Australian authorities have stated that products produced in countries where medical Cannabis is legal can be prescribed and trialed in Australia as long as the products in question have been produced to GMP Standards.

MCL do not know of any reason why the import licence and permit should not be approved in due course in line with current import legislation. Timeframes for import permits are currently up to the government, and as it is a new industry in Australia it is unknown how long the approvals will take, but the government statements have shown the government to be keen to progress and expedite such approvals for appropriate medical Cannabis products that can be prescribed as a medicine in Australia.

PLANS FOR AUSTRALIAN PRODUCTION AND EXPORT OF AUSTRALIAN CANNTAB PRODUCT

In parallel, MCL will immediately be looking to work together with an existing GMP approved manufacturing facility in Australia during 2018, and in due course also work towards setting up its own manufacturing facility in Australia, to produce the innovative Canntab product using MCL's own cultivars, genetics and processing. These products should then also be available for export from Australia under the newly announced laws, to countries that will allow medical cannabis imports, particularly from a country with advanced regulation and quality control such as Australia.

EXPORT OF MCL'S UNIQUE GENETICS FOR CANNTAB PRODUCTION IN CANADA

MCL will also be applying for export of MCL's Cannabis genetics (chemovars) to Canada to enable the chemovars to be assessed by Canntab, to incorporate into and/or produce unique Canntab products using MCL's wholly owned Cannabis genetics from its Australian seed bank.

MEDICAL / THERAPEUTIC CONTINUED

PLANS FOR AUSTRALIA DOMESTIC MEDICAL APPROVALS

MCL intends to seek approval for Canntab products as required by Australian health authorities in accordance with new laws and policies recently developed by the Australian Government.

Though the anecdotal and research dossier on the use of Cannabis for medical purposes is much more robust than for most other prescription drugs, the missing link has always been the subsequent uptake towards legitimate trials using a lawful source of a whole plant extract, rather than a single natural cannabinoid or synthetic analogue.

VitaCann and Canntab intend to immediately **collaborate** on preclinical formulation, clinical development, regulatory approval and commercialisation of a range of additional cannabinoid containing formulations processed under Canadian GMP standards.

Work is being done and assessed by MCL to identify and pin point two or three medical conditions that will be targeted by the products from the Canntab range.

Irrespective, MCL and Canntab will work with health departments and government officials to ensure an even playing field is set so that a clinical trial can be conducted in accordance with Australia's new medical Cannabis laws and policies.

MCL will be working on two fronts in parallel; initially under the TGA Special Access Scheme which could happen imminently as above, and in due course under its own TGA approval through full clinical trials to be conducted under current legislation.

Under normal circumstances, new drugs to be approved by the TGA can take between 5 to 10 years to reach the market and involve expenditure of \$100's of millions, with uncertain outcomes. We have already seen the Australian Government fast track imports, develop new policies and make public announcements in relation to Cannabis exports. These are all extremely positive signs and MCL firmly believes that additional government changes and response to overwhelming public pressure will expedite approval for many steps along the way.

With other drug approvals by the TGA, human clinical trials are the last step of approval, and are therefore unproven if they will adequately or safely work on humans. Drug trials are generally only conducted on humans after extensive animal testing. With Cannabis however, overwhelming global anecdotal evidence and detailed scientific and medical research particularly in Israel and North America, is already proving the effectiveness of varying strains of Cannabis for numerous significant human conditions, with extensive active human trials taking place. It is therefore our view that the medical approval process for Cannabis in Australia is likely to be expedited, particularly since the Australian government policy is being fast tracked and shaped by overwhelming public support and pressure to allow patients access to these products as quickly as possible.



MEDICAL / THERAPEUTIC

CONTINUED

Mr Kavasilas added, "We all know by now there is substantial anecdotal evidence that cannabinoids are effective and being supplied in many countries for the treatment of a number of conditions including, chronic pain, chemotherapy induced nausea, anxiety and sleep disorders, spasticity in patients with Multiple Sclerosis and pediatric epilepsy.

"MCL will seek to license and export **our own Cannabis strains** as soon as we can, while at the same time working on importing Canntab products and technology to use in conjunction with our own Cannabis strains. Canntab is **going the extra mile** in cannabinoid medicine development and delivery, I believe we're looking at the perfect products that should be imported as soon as possible to supply Australians suffering from recognised conditions who are otherwise being encouraged by all manner of politicians to use illicit Cannabis for medical purposes in the absence of prescription cannabinoid medicines".

MATERIAL TERMS OF THE VITACANN-CANNTAB JOINT VENTURE

1. The parties have signed a 50/50 joint venture (JV) agreement for the JV to exclusively manufacture, distribute and sell tablets containing Canntab's proprietary technology and formulation in Australia, and to obtain the approval for such activities. VitaCann retains the right of first refusal for distribution of the product throughout Asia.

2. VitaCann will be responsible for the first USD\$1,000,000 of the JV's expenditure in Australia, following which expenses will be split 50/50 between the parties.
3. The Joint Venture will be operated under the name Canntab Australia.
4. The Joint Venture shall be owned equally by Canntab and VitaCann and each of them shall be entitled to one half of all income and profits earned by the Joint Venture.
5. All contracts relating to the products entered into by the parties shall be in the name of the Joint Venture.
6. All registrations in Australia (and/or Asia) related to the products shall be in the name of the Joint Venture.
7. Canntab grants to the Joint Venture the exclusive right to utilize the patents and the know-how to market, sell and distribute the products in Australia with a first right throughout Asia.

Pnina Feldman, Chairperson of QBL, says, "Not only do we as a Board believe that MCL is currently at the forefront of the hemp seed food industry in Australia, but we also believe that with its national and international connections in the medicinal Cannabis world, and its unique seed bank and cannabinoid collection research over 15 years, and now with its joint venture with Canntab, MCL is well placed to be at the forefront of medicinal Cannabis research and product development, for Australia and worldwide benefit, and for the benefit of all QBL shareholders."

CORPORATE UPDATE SUMMARY



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 cash-flows. The first of these acquisitions has been the Cannabis and hemp acquisition through 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.

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 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 quarter invested \$750K on expenditure relating to the activities of MCL. Further funding for MCL has been sourced directly by MCL directors and shareholders, and as reported in the attached consolidated cashflow report.

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.

As at 31st December 2017, the Company held the following tenements:

Project Name	Interest Held %
Eastern Australia Bauxite Projects	
South Johnstone QLD EPM18463	Granted 100%
South Johnstone QLD MDL 2004	Granted 100%
Nullamana NSW EL7301	Granted 80%

For further information please visit the company's website at www.queenslandbauxite.com.au or contact:

Sholom Feldman

Executive Director/Company Secretary

E: sfeldman@queenslandbauxite.com.au

www.twitter.com/QLDBauxite

QUEENSLAND BAUXITE LIMITED

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")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	-184	-613
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	-192	-580
1.3 Dividends received (see note 3)		
1.4 Interest received	36	90
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)		
1.9 Net cash from / (used in) operating activities	-340	-1103

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments (MCL related Payments paid directly by QBL)	-325	-750

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) other non-current assets (MCL payments paid by MCL directly)	-478	-478
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)		
2.6 Net cash from / (used in) investing activities	-803	-1228

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares (MCL)	613	613
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options	150	766
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings (MCL directly)	1327	1327
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)		
3.10 Net cash from / (used in) financing activities	2090	2706

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	7962	8534
4.2 Net cash from / (used in) operating activities (item 1.9 above)	-340	-1103
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-803	-1228
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2090	2706

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	8909	8909

5.	Reconciliation of cash and cash equivalents 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	8909	7962
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	8909	7962

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

-207

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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.		

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9. Estimated cash outflows for next quarter	\$A'000
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)	
9.7 Total estimated cash outflows	650

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
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 Granted	Application only	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:31st January 2018.....

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.