



**QUEENSLAND BAUXITE LIMITED**

**QUARTERLY REPORT**

**MARCH 2018**





## EXECUTIVE CHAIRPERSON'S REPORT

**Pnina Feldman**



I am very pleased to report, as QBL's Executive Chairperson and responsible for Business Development, on behalf of the Board of Queensland Bauxite Limited (ASX:QBL or "the Company") our most significant Quarterly to date. We are currently in the midst of an international expansion project that has taken Queensland Bauxite Ltd from purely an exploration company, through its investment in Medical Cannabis Limited (MCL), to become a dominant global player in the burgeoning multi-billion dollar medical Cannabis Industry.

### Medical Cannabis Limited "Creating a better future"

During this Quarter the Board at Queensland Bauxite Ltd has embarked upon a significant infrastructure program to prepare the foundation blocks required to carry the Company forward with its projects in mining and medical Cannabis research and product development. To "create a better future" we have aggressively pursued and engaged the services of Australian and Internationally renowned professionals in Medical Cannabis Research and Development, Digital Media Marketing and Management and Project Management ensuring that the Company will be prepared to professionally manage and oversee the development of each project.

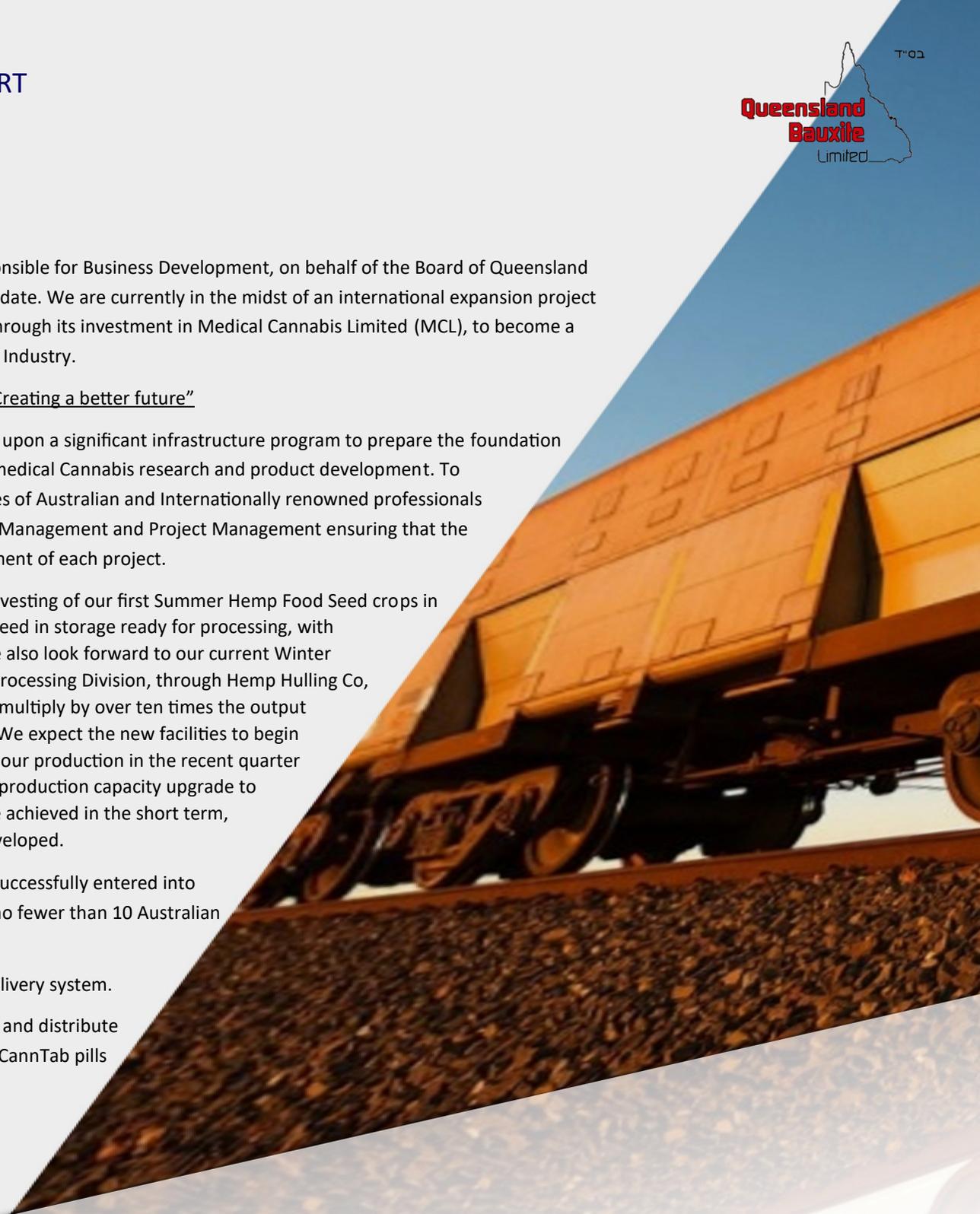
We were also pleased to oversee the successful sowing and current harvesting of our first Summer Hemp Food Seed crops in Victoria and New South Wales. The Company currently has over 50 tonnes of seed in storage ready for processing, with significant further tonnages expected from the current harvests underway. We also look forward to our current Winter Crops, which we expect to be even larger in yield and tonnage. Our Seed and Processing Division, through Hemp Hulling Co, is currently undergoing a significant manufacturing upgrade that we expect to multiply by over ten times the output capacity of our Hemp Seed Food production for large commercial production. We expect the new facilities to begin operating to full capacity in June. Although we have not been able to continue our production in the recent quarter during this upgrade period, we expect the conclusion of this significant facility production capacity upgrade to enable the company to achieve the significant revenues that we believe will be achieved in the short term, particularly with the new distribution partnerships that have recently been developed.

We are pleased to report that during the past 6 months QBL: MCL has successfully entered into formal agreements, Joint ventures and is presently undertaking projects with no fewer than 10 Australian and International companies such as:

**EndoCRO Ltd, Israel**, for the formulation of a unique medical Cannabis drug delivery system.

**CannTab Therapeutix Ltd, Canada**, for the rights to exclusively manufacture and distribute throughout **Australia** and **Asia** their exclusive pharmaceutical grade GMP (XR) CannTab pills to alleviate chronic illness and assist with pain management.

**AlgaeTec Ltd, Australia**, is licensing our unique Cannabis cultivar seed bank to formulate Cannabis medicinal products for veterinary medications.





## EXECUTIVE CHAIRPERSON'S REPORT

**Prina Feldman**



**Certara, USA**, is providing pharmaceutical consultative services for the development and distribution of the CannTab XR medication here in Australia. Drs Andreas Wallnoefer and Graham Scott are providing technical oversight.

**THE TECHNION, Israel. MCRG**, our Medical Cannabis Research group, has signed an agreement to fund the research studies of Dr David (Dedi) Meiri Ph.D., and his team as they investigate the intervention of medicinal Cannabis to disrupt the debilitating mechanisms of Autoimmune Disease, in particular, Multiple Sclerosis. MCRG has the rights to an exclusive license agreement to benefit from any discoveries that come as a direct result of the research being conducted by Dr Meiri and his team.

**John Easterling, Amazon Herb Co.**, has joined the board of Medical Cannabis Ltd, a world-renowned expert in Cannabis Therapeutics. John is providing valuable consultative services to all our MCL Projects.

**Hemp Hulling Company, Queensland**, oversees the processing and packaging of all our Hemp Seed nutritional products and Hemp Seed oil. We are very pleased to have the professional services of the Edwards family who are managing and developing this division.

**Burleigh Heads Cannabis, Queensland**. MCL has entered into a binding MOU with BHC. The deal provides MCL with immediate access to the required Australian licenses and secured storage facilities to import our CannTab medical Cannabis pharmaceutical extended release pills from Canada.

**VitaHemp "Black label" product release**. We believe, that VitaHemp's "Black label" Hemp Seed Oil soft gel capsules will fill a current vacancy in the marketplace by supplying a Hemp Seed product which is a plant-based alternative to Fish Oil capsules.

**VitaHemp's Seed and processing Division, HHC, and partners Waltanna Hemp Group**, providing our Hemp Seed ingredients for the 'Red Tractor' group. Red Tractor supply Coles.

The Board is also pleased that the South Johnstone Bauxite Project has achieved some significant milestones during the current reporting period. We have moved into the next development phase as our Project team meets with the management and boards of international bauxite and alumina processing companies in China who have shown an interest to discuss partnering in the development of this project. It is our belief that this will be a significant year in the development and life of our company, and we look forward to profitable returns on our investments moving forward in to the 2H 2018.

### 2018

- 8 January** MCL: VitaCann signs an exclusive JV agreement with CannTab Therapeutics Ltd, Toronto, Canada for a Pharmaceutical Grade Medical Cannabis Extended Release (XR) pill
- 18 January** John Easterling joins the board of MCL
- 26 February** MCL signs a Research Funding Agreement with the TECHNION, Haifa, Israel sponsoring the continued Research of Prof. David (Dedi) Meiri from the Faculty of Biology for Medical Cannabis Research on Autoimmune Disease
- 20 March** QBL announces that it has cleared all its debt
- 29 March** MCL implements CannTab drug development Strategy in conjunction with pharmaceutical consulting firm, Certara
- 31 March** End of Quarter



## 2018 Highlights

### **MCL: VITACANN ANNOUNCEMENT**

#### **8th 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 JOINS THE BOARD OF MCL**

#### **18th January**

John Easterling joins the Board of MCL as a Non-Executive Director. John brings a wealth of experience and international contacts in the medical cannabis industry.

### **MCRG LTD SIGNS A \$3 MILLION DOLLAR FUNDING AGREEMENT WITH THE “TECHNION”, ISRAEL FOR AUTOIMMUNE DISEASE RESEARCH**

#### **26th February**

MCL through its Medical Cannabis Research Group Pty Ltd (MCRG) has signed an agreement with the Technion Research & Development Foundation for the performance of research by Prof. David (Dedi) Meiri, from the Faculty of Biology at the Technion - Israel Institute of Technology in Haifa, Israel. Prof. Meiri is Head of the Technion’s Cannabis research team. According to the agreement, MCRG will sponsor research into how the cannabis plant can be used in the treatment of symptoms and halting the progression of autoimmune diseases with special emphasis on Multiple Sclerosis (MS) in return for an exclusive license on any product that may be developed by this research.

## 2018 Highlights

### **QBL DEBT FREE**

**20th March**

QBL was pleased to advise that it has cleared the company's outstanding debt by way of share issue. The liability of the Company has now been settled with New York based investment and finance company MEF I L.P. which was entered into a year earlier in order to enable the Company to take up the opportunity to invest in MCL.

### **MCL IMPLEMENTING CANNTAB DRUG DEVELOPMENT STRATEGY**

**29th March**

Medical Cannabis Limited (MCL). MCL, in conjunction with Certara, a pharmaceutical consulting firm, have developed a drug development strategy for the formal approval by the TGA of Canntab XR medication in the Australian market as a recognised prescription medication.

### **MCL RELEASES AUSTRALIAN HEMP SEED OIL SOFT GEL CAPSULES**

**18th April**

QBL was pleased to advise that Medical Cannabis Limited (MCL) through its subsidiary VitaHemp Pty Ltd (VitaHemp), announced the release of a first of its kind to the Australian market, Australian grown and processed Hemp Seed Oil soft-gel capsules. These capsules meet a unique consumer demand in the Australian market.

## 2018 Highlights

### **COLES NOW SELLING HEMP PRODUCTS PROVIDED BY MCL**

**19th April**

QBL was pleased to advise that Red Tractor has supplied hundreds of Coles stores around Australia with various products and oil blends that have hemp ingredients included exclusively supplied by QBL's subsidiary Medical Cannabis Limited (MCL) and its hemp seed food subsidiary, VitaHemp Pty Ltd (VitaHemp).

### **MCL SECURES ACCESS TO MEDICAL CANNABIS IMPORT LICENCE**

**20th April**

QBL was delighted to announce that its subsidiary, Medical Cannabis Limited (MCL) has entered into a binding MOU with Burleigh Heads Cannabis Pty Ltd (BHC). BHC has a medical cannabis import license approved by the Office of Drug Control (ODC), and has Government approved secure storage facilities for medical cannabis products. The MOU outlines the terms where BHC will provide the import and storage services for MCL's international medical cannabis products. This deal provides MCL with immediate access to the required Australian licenses and secured storage facilities that are required to import its Canntab medical cannabis pharmaceutical extended release pills from Canada. BHC has entered into an agreement to be 51% owned by THC Biomed, a large publicly listed Canadian LP.



HEMP HULLING CO.



VITASEEDS  
PREMIUM HEMP SEED SUPPLIERS

PREMIUM HEMP SEED SUPPLIERS

## ANTICIPATED CASHFLOW FROM MCL INVESTMENT

### HEMP HULLING CO

HHC has been working through a major upgrade of their hulling and processing facility in Coolum Beach. It is a fabulous facility that house the latest initiative in innovative design for hulling machinery; much of it designed and produced in-house.

Efficient hulling and processing of Raw Hemp Seed is an art form. The seed is a precious commodity that requires much more than a hulling machine, maximising yields whilst maintaining quality, which requires a massive investment of time, knowledge and money.

Intended production runs of 80 - 100MT per month of the highest quality and cleanest seed is impressive. All our processes and equipment design are of a proprietary nature. To be the best at what we do in an ever-expanding, highly competitive large craft industry we are mindful of security to protect our property and branding which includes our processing methodology.

### VITAHEMP LOGISTICS (VHL)

VitaHemp Logistic's dispatch centre was completed in the first quarter of 2018. HACCP accredited facility (Second quarter) purposely built and climate controlled being completed currently. New efficient pallet racking for 112MT (Metric Ton) with the ability to scale up to 200MT.

VHL is strategically positioned and located to HHC, which ensures freshness. VHL now hold Raw Hemp Seed in preparation for hulling & processing, bottles of Hemp oils (250ml & 500ml), bulk and branded flours, proteins and Hemp Seed Oil capsules.

### VITAHEMP

Many milestones have been reached in the first quarter. The new "Black label" VitaHemp branding was launched. 250ml & 500ml Hemp Seed Oil and 'first to market' Hemp Seed Oil 120 x 750mg soft gel capsules were all launched all under our Black label branding.

The VitaHemp ethos is **quality above price**. VitaHemp, unashamedly believe they supply the very finest, and indeed best Australian Grown Hemp products and ingredients in this country. VitaHemp, by design, do not rush its products to market. Our plans are for the long term. Each product goes through meticulously planning, discussion and branding before being released to market. The VitaHemp standard.

In conjunction with our branding to market strategy we are developing a strong and interactive online presence and marketing image that will grow with product awareness. All our Divisions from planning to branding to Media marketing are carefully co-ordinated and run by a team of skilled professionals. We are focusing on keeping a balance in maintaining our family-oriented image with dynamic corporate reach.

### VITASEEDS

The management team visited numerous sites in late February to inspect our crops at Mara Seeds in Mallangene NSW, Waltanna Farms in Hamilton, Victoria and other farms in NSW. The crops looked fabulous. These crops are currently being harvested, and we have been very pleased with the quality of the farms and farmers.

There are a myriad of seed varieties, locations and latitudes. Ultimately VitaSeeds is looking for both summer and winter crops. The first crops are being harvested and are now being cleaned and being prepared for processing, and the winter crops are now being sown. MCL has worked diligently and successfully over this period to establish a fully vertical operation from its initial 20 tonnes of seed that was accessed for planting in 2017/18 and grown by 4 different leading expert and experienced farmers across hundreds of acres of suitable farmland. MCL is very pleased with the results that have come from its investment and controlling interest in the Hemp Hulling Co, Australia's premier and largest hemp hulling and processing company. We continue to get strong interest from international buyers and growers in Europe, North America and Asia for our premium quality Seed stock.





## ANTICIPATED CASHFLOW FROM MCL

### INVESTMENT

#### CONTINUED

### WORLD FIRST GMP PHARMACEUTICAL GRADE PRODUCTS FOR PAIN RELIEF

We are equally excited about the medical product range being developed with our strategic partners in Australia and overseas. Our alliances with CannTab Therapeutics in Canada, and EndoCRO in Israel, the world leading cannabis researchers at the Haifa Technion in Israel, and our work with the international Certara group, will allow us to take full advantage of the fully-regulated regime and allow us access to both High and low THC products to import, under License, to Australia, thus enabling 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 in the 2H of 2018.

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.

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 and unfamiliar to the established medical community. These range of medical cannabis pharmaceuticals will be tailored exclusively for the Australian Government's SAS (Special Access Scheme) for GP's to prescribe to patients.

Both Vitahemp and VitaCann are currently aggressively developing and producing products that are expected to be highly sought after.

### MCL IMPLEMENTING CANNTAB DRUG DEVELOPMENT STRATEGY

Medical Cannabis Limited, in conjunction with Certara, a pharmaceutical consulting firm, have developed a drug development strategy for the distribution of Canntab XR medication in the Australian market. The Certara team includes Dr Andreas Wallnoefer, who held a significant tenure as Global Head of Early Development at Roche and Dr Graham Scott, who prior to Certara, was European lead of Clinical Pharmacology at Takeda. The drug development team is led by Andrew Kavasilas, MCL's technical expert on cannabis.

### VITACANN: CANNTAB TO DELIVER FIRST PILLS TO AUSTRALIA BY 2H 2018

The first pills to be delivered to Australia are currently being manufactured by Canntab Therapeutics Limited in Canada. We have entered into and secured a binding MOU agreement with Burleigh Heads Cannabis (BHC) which has a Medical Cannabis Import Licence approved by the ODC. BHC will provide VitaCann with secure storage facilities and logistic support through their Government Approved warehousing facilities in Burleigh Heads, Queensland.

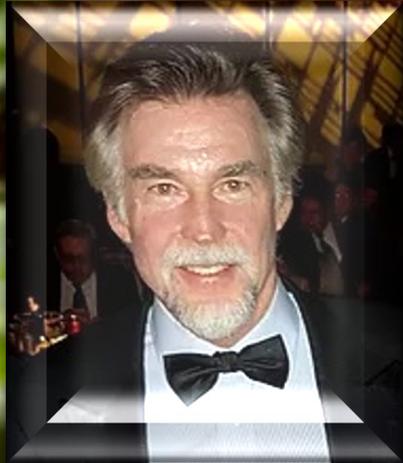
We anticipate receiving the first shipment of the Canntab Medical Cannabis (XR) pills in 2H, 2018 and to immediately begin to provide patients and doctors with this product that we believe will be much sought after and should set the standard for medical cannabis in Australia for the future.

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 are intent on ensuring that MCL generates significant profits in the coming financial year, with the goal of achieving a dividend share issue to shareholders, once these profits materialise.



amazon herb



MCL DIRECTOR

MCL RESEARCH PARTNER

JOHN EASTERLING

PROF. DAVID (DEDI) MEIRI

# ANTICIPATED CASHFLOW FROM MCL INVESTMENT CONTINUED

## JOHN EASTERLING JOINS THE BOARD OF MCL

The Directors of QBL are pleased that John Easterling, founder of the Amazon Herb company and Internationally renowned herbalist/botanist has agreed to join the board of MCL. John is married to Olivia Newton-John and shares her passion in supporting the continuing growth of the Olivia Newton-John Cancer Wellness and Research Centre in Melbourne which is investigating the potential medicative properties of medical Cannabis and its interaction in anti-tumour research and clinical studies.

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. John consults with many International research centres including our research partner the TECHNION, in Haifa, Israel with Dr. David (Dedi) Meiri PhD.

John is a big advocate for legislation reform in Australia to allow wider access to medical cannabis and regularly meets with the leading politicians from all the major parties in Australia to educate and promote the medical benefits of Cannabis and to encourage further legislative changes to enable easier access for patients who require the product.

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.

Easterling's original degree is in Environmental Studies. He founded the Amazon Herb Company in 1990 and serves on the board of the Amazon Centre 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 worldwide. 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."

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 believe that the addition of Mr Easterling and his experience, knowledge and contacts to the team of MCL, will add will add significant 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.



# ANTICIPATED CASHFLOW FROM MCL INVESTMENT

CONTINUED

## CANNABIS AS A POTENTIAL THERAPY FOR MULTIPLE SCLEROSIS

The Board of Queensland Bauxite Limited was pleased to announce that its subsidiary company Medical Cannabis Limited (MCL) through its wholly owned subsidiary Medical Cannabis Research Group Pty Ltd (MCRG), had signed a Research Funding Agreement with the Research & Development Foundation at the Technion Institute, Haifa, Israel in February. The agreement revolves around the research of Prof. David (Dedi) Meiri, from the Faculty of Biology at the Technion Institute.

MCRG will sponsor the continued Research of how the cannabis plant can be used for the treatment of Multiple Sclerosis (MS). Prof. Meiri has identified the synergistic relationship between the Cannabis plant and the human genome that will form the basis for this research.

Dr Meiri operates the “Cannabis Database Project” and his lab is currently involved in eight clinical trials covering diverse aspects of Cannabis treatment, such as: colon disease, pain prevention, cancer treatment and epilepsy. He collaborates with Cannabis growers, clinicians and major manufacturers and distributors of medical Cannabis, including Andrew Kavasilas and John Easterling from QBL: MCL in the purpose of revolutionizing Cannabis treatment.

Dr Meiri is widely recognised as one of the foremost and leading cannabis researchers in the world today.

The overall objective of Dr Meiri’s study is to match effective Cannabis extracts and specific cannabinoids composition that regulate/modulate immune function, specifically, autoimmunity in MS in order to optimize treatment for MS patients.

It is hoped that achieving a successful outcome of the overall objective could lead to a possible cure for MS through the strengthening of the immune system, which in turn will assist the research into other auto immune diseases and diseases in general.

MCRG has committed to fund USD\$3M (1 x 1 x 1) over a 3-year period, towards the research budget, in return for an exclusive license of any product to be developed from this research for MS, or potentially for any product that could alleviate or treat any other auto immune disease that could be developed from this research.

### Dr Meiri Comments:

*“In this work we aim to elucidate the immunoregulatory properties of phytocannabinoids and terpenes in MS, as well as further investigate Cannabis’s mechanisms of action in these areas. This research not only has the ability to advance the identification of new drug candidates, but also advance our abilities to optimize Cannabis treatment options and efforts towards the creation of personalized medicine for MS patients.”*





# VITAHEMP

The best nature has to offer



## ANTICIPATED CASHFLOW FROM MCL INVESTMENT CONTINUED

### VITAHEMP CONTINUES TO LAUNCH GREAT AUSTRALIAN GROWN PRODUCE

In late November 2017, the team at VitaHemp launched VitaHemp's true Aussie Grown Hemp Foods!

Since its launch in November 2017 Vitahemp has been developing a strong Retail presence with its 24-hour online Retail shop and providing "gold standard" quality products with its 100% Australian grown and processed Hemp Food Seed product range.

VitaHemp member, Pete Edwards of Hemp Hulling Co said, *"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. Australian families should demand Australian grown hemp foods and Australian Gold Standard Quality Hemp Seed Products."*

VitaHemp will soon be launching a proprietary Hemp Nectar infused, NPA Certified, 100% Australian Grown Healthy Hemp Honey! Our lab tests have shown powerful nutritional properties, which the VitaHemp team believe may be the world's healthiest and most nutritious honey with the additional bonus of a new Vitamin element which should prove popular amongst young families.



### STRONG INTEREST EXPRESSED FROM MAJOR - MAINSTREAM NATIONAL CHAINS AND BUYERS

The Board of Queensland Bauxite Limited was pleased to advise that Red Tractor have now supplied hundreds of Coles stores around Australia with various products and oil blends that have hemp ingredients included exclusively supplied by QBL's subsidiary MCL and its hemp seed food subsidiary VitaHemp.

Exposing Hemp Foods to a mass consumer market who may know little about Hemp, and now see Hemp derived products on a Coles shelf, inspires confidence and provides a win for a burgeoning Hemp Foods industry, that VitaHemp is now a leading force.

Andrew Kavasilas, Technical Director of MCL, remarked *"The stocking of hemp products in a major supermarket chain such as Coles, is a fulfilment of our vision that we have worked for over the past two decades in pushing towards the legalisation of hemp foods in Australia, so that the average Australian consumer is now exposed to and can now easily benefit from the great health benefits that this superfood provides."*

### MCL FIRST TO RELEASE AUSTRALIAN HEMP SEED OIL SOFT GEL CAPSULES & UNVEIL ITS BLACK LABEL RANGE

VitaHemp has just released a first of its kind to the Australian market, Australian grown and processed Hemp Seed Oil soft-gel capsules. These capsules meet a unique consumer demand in the Australian market. More and more Australians understand a correlation between diet and general well-being. Omega 3-6-9 oils are often consumed via animal based oils or fish oils, including intensively farmed by products from fish aquaculture.

The "Black label" range of Hemp Seed Oil products are the next advancement in cold-pressed refining. VitaHemp are now able to refine smoother oils and extend the shelf-life of its Hemp Seed Oils. We believe, that VitaHemp's "Black label" Hemp Seed Oil soft gel capsules will fill a current vacancy in the marketplace by supplying a Hemp Seed product which is a plant-based alternative to Fish Oil capsules.



Australian Government Approved Supplier

Contact: [info@burleighheadscannabis.com](mailto:info@burleighheadscannabis.com)



# ANTICIPATED CASHFLOW FROM MCL INVESTMENT CONTINUED

## MCL SECURES ACCESS TO MEDICAL CANNABIS IMPORT LICENCE - BURLEIGH HEADS CANNABIS P/L

Medical Cannabis Limited was pleased to announce that it has entered into a binding MOU with Burleigh Heads Cannabis Pty Ltd (BHC). BHC has a Medical Cannabis Import License approved by the Office of Drug Control (ODC) and has and has Government approved secure storage facilities for medical cannabis products. The MOU agreement between MCL and BHC outlines the terms where BHC will provide the import and storage services for MCL's International medical cannabis products currently being produced by Canntab Therapeutics in Canada.

MCL believes that this is a further deal in line with its strategy to create mutually beneficial strategic alliances in the growing medical Cannabis industry in both Australia and across International markets to streamline and maximise value for all involved.

This deal provides MCL with immediate access to the required Australian licenses and secured storage facilities that are required to import its Canntab medical Cannabis pharmaceutical extended release pills from Canada. MCL has distribution rights for medical cannabis products for the Australian region, including the Canntab suite of products, which are exported from Canada by Canntab Therapeutics Ltd (a company incorporated under the laws of the Province of Ontario).

BHC is an importer and distributor of medical cannabis pharmaceuticals, with the ability to import and store medical cannabis products via its storage facility approved by the Federal Office of Drug Control (ODC) and QLD Government. BHC has entered into an agreement to be 51% owned by THC Biomed, a publicly listed Canadian LP.



## “GREEN RUSH” ABC FOUR CORNERS PROGRAM – APRIL 23<sup>RD</sup>, 2018

### From the Executive Chairperson, Queensland Bauxite Limited (ASX:QBL) Pnina Feldman

On Monday night, April 23<sup>rd</sup>, at 8:30pm the ABC’s Four Corners program broadcast an investigative piece called “Green Rush”. The program focused on the burgeoning medical cannabis industry that is growing in Australia.

QBL’s subsidiary, Medical Cannabis Limited (MCL), its founder, and our CTO, Andrew Kavasilas, were featured on the show, and the majority of the external broad-acre Hemp Seed ground and aerial footage shown during the program was taken at the properties of MCL’s Hemp Seed farmers in New South Wales.

We believe that the investigative “4 Corners” programme missed a great opportunity to inform financial regulators and investors about the true situation of medical Cannabis in Australia, and overseas, which Andrew had discussed in depth with the reporter during the weeks of filming.

During the programme, five (5) ASX publicly listed companies, including QBL, were featured. Four of these companies were given somewhat of an opportunity to discuss their business models and the current medical cannabis situation in Australia.

However, QBL/MCL’s position, and Andrew’s expert views on these topics were not aired, nor was MCL’s current businesses given any material airtime.

We believe the ABC did not fairly represent our position and current business model.

### MCL’S WORLD CLASS SEED BANK, INVENTORY AND GENETICS

We were very concerned that the program did not portray appropriately the significance of the world-class seedbank that Andrew has been collecting, growing and developing over the past 20 years. The ABC showed film footage of a small sample of demonstration stock that Andrew took out of a kitchen freezer to show the reporter, of various unique cultivars and genetics in the highly valuable seed bank developed by Andrew over two (2) decades.

We believe that this part of the interview has lead people to conclude that MCL’s entire Australian Cannabis seed stock was being stored in a small domestic freezer. This is a misrepresentation of our actual large Cannabis seed inventory which is likely to be of the biggest such inventory currently in Australia, equating to many tens of

tonnes of seed stock currently housed in professional cold storage facilities in secure locations throughout Australia, including MCL currently being without doubt of the largest Cannabis growers in Australia as clearly evidenced by the footage aired of some of our large acre crops and farms.

### VALUE OF MCL’S LAWFUL AND LEGALLY RECOGNISED SEED BANK

The report also did not explain the significant value of MCL’s unique seed bank, being one of the only recognised local lawful sources of cannabis genetics in Australia, and with over 25 unique varieties of cannabis that Andrew has been cultivating in his research over the past two decades. Under international law and the UN Drug Conventions, having a lawful source of cannabis genetics enables the legal development of product in Australia and internationally, which nearly all other companies currently simply do not have that legal ability in their own right.

MCL owning its own genetics also means that when, during the current ongoing research, the genetics of any of these varieties are found to have particular unique medical benefits, then the value of owning these strains will become extremely significant.

### RECREATIONAL CANNABIS

The ABC program, even though briefly touching on our Hemp Seed Crops, and showing some beautiful footage of our large hemp seed broadacre fields, avoided the discussion around our Hemp Seed Food and nutritional products story, of which QBL: MCL is one of the largest Hemp Seed producers in Australia at this time, instead they used that footage to lead into a discussion with Andrew around the issue of recreational Cannabis and its approval in Australia.

As the Executive Chairperson of QBL, I became concerned after viewing that highly edited segment of the program which, in my opinion, lead the public and our shareholders to believe that QBL is currently pursuing a program focusing on the growth and cultivation of recreational Cannabis for economic profit. This is not the case. Our current cultivation and business is currently exclusively for the significant medical cannabis opportunities within the current legislation, and the newly legalised massive nutritional cannabis industry.

## “GREEN RUSH” CONTINUED

The issue of monitoring and regulating recreational Cannabis through the Federal Government was addressed on that “4 corners” programme by the Hon. Greg Hunt when asked about whether it would be acceptable for recreational cannabis to be allowed in Australia within 5 to 10 years. He stated that it was not something that the Commonwealth is proposing but is a matter for individual states under the Constitution.

Medical Cannabis Limited is an Australian Medical Cannabis Research company. We are committed to a program of developing world class treatments and outcomes through the cultivation and growth, and genetic research of the Cannabis sativa plant for medical treatments and TGA approved prescribed pharmaceuticals, including utilising our Australian Cannabis Cultivar seed bank.

We have been securing and signing agreements with world leading companies and research institutions in Australia, Canada, Israel, Europe and Asia such as Certara, EndoCro and The TECHNION. We have some of the world’s most renowned and eminent Medical Cannabis Researchers and Biospecialists as part of our Technical Advisory Panel such as Andrew Kavasilas of Australia, Prof. David (Dedi) Meiri of the Technion in Israel, Jeff Renwick of CannTab Therapeutics in Canada; John Easterling of the USA and Australia; and Dr Andreas Wallnoefer and Dr Graham Scott of Certara in the USA.

### MCL’S WORLD CLASS PRODUCTION AND RESEARCH FACILITIES

We were also concerned that the Four Corners report did not show any of MCL’s production or research facilities. With respect to the professional facilities shown on the programme being operated by other companies, we are not aware that any of those facilities are actually currently producing a commercial product that can legally generate significant short-term revenues for those companies.

MCL however, currently has the largest Australian production facilities producing all-Australian low THC Cannabis health and nutritional products on a large commercial scale with the ability to generate short term significant revenues. These production facilities were not shown on the “4 corners” programme. MCL is also operating in the most advanced Cannabis medical research and production facilities globally with its international partners.

We are very proud that MCL is currently actively conducting its own direct medical Cannabis research using the undisputed leading medical cannabis researchers and laboratories in the world at the Haifa Technion in Israel. Not only does the Technion have the most advanced scientific knowledge in medical cannabis, and likely the most advanced cutting-edge facilities with capabilities of cannabis research beyond any other known facility, but they also have the full backing of the Israeli government and the leading hospitals in Israel for widespread real time human clinical trials.

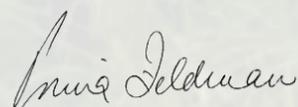
There is no question in our minds that the value of the research being done in Israel is at a level far beyond whatever any local research group is currently capable of scientifically and under the still limited current Australian legislation for access to patients for widespread effective research.

It is important to note MCL has already partnered with the Canadian CannTab group who already have advanced GMP pharmaceutical production facilities, and who are currently producing cutting edge pharmaceutical Cannabis products on a commercial scale for MCL to distribute throughout Australia and Asia. We are preparing for the first shipment in 2H 2018.

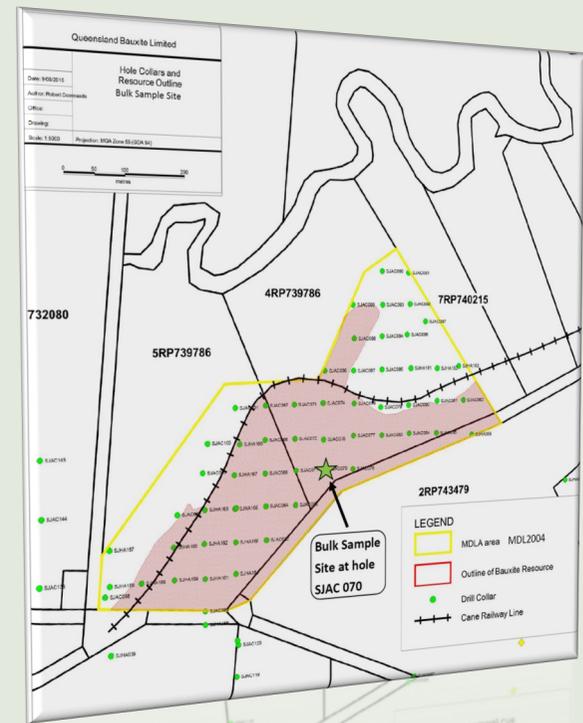
### ACCESSING LEADING GLOBAL EXPERTISE AND PRODUCTS FOR THE AUSTRALIAN MARKET

MCL has just signed a binding MOU with Burleigh Heads Cannabis (BHC) which gives us access to an import license to secure and store our CannTab pharmaceutical grade GMP (XR) pills currently being manufactured in Canada and due for release in Australia in 2H 2018.

As detailed above, we believe that MCL is undoubtedly at the forefront of the medical and nutritional Cannabis industry both in Australia and internationally, and we are confident in the current direction of the company to be able to maximise these opportunities that the Australian Government has enabled through the recent new legislation that has been put in place.



Executive Chairperson - Queensland Bauxite Limited (ASX: QBL)



# South Johnstone Bauxite Project

## 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) formally approved the Mineral Development License (MDL) for the South Johnstone Bauxite Project.

The granting of the MDL allowed the company to begin initial trial production of bauxite to send bulk batch samples for testing 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 granting 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 being conducted under the now granted MDL includes bulk sampling, bulk transport and shipping tests, and the testing of the product in International customer refineries.

A marketing agency was signed up to assist in the process of obtaining sales agreements with international customers. This agency has been working towards enabling Sales and Purchase Agreements with international customers in regards to the development of the South Johnstone Bauxite Project.

The work programme under the MDL has been progressing to plan, and bulk sampling has been undertaken and sent to potential customer refineries in accordance with the work plan. The granting of the MDL has allowed the company the opportunity to promote its mining project internationally and actively engage in discussions in order to secure off take customers for the project 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

### CONTINUED

#### South Johnstone Bauxite Project

##### Queensland Bauxite team in China

Members of the Queensland Bauxite Ltd management team responsible for the development of the South Johnstone Bauxite Project, headed by QBL's Chief Geoscientist Dr Robert Coenraads PhD, as part of its ongoing marketing strategy, and as part of the operational plan under the existing granted Mineral Development Licence on South Johnstone, are currently visiting several Chinese bauxite refineries and aluminium smelters whose executives have expressed interest in partnering in the development of our South Johnstone Bauxite Project.

The QBL team is also meeting with Hong Kong based metals marketing platforms who have offered to assist in the commodity trading with QBL.

The timing of this visit is opportune as aluminium prices are forecast to grow strongly in 2018 and 2019, according to the Aluminium, alumina and bauxite, Resources and Energy Quarterly, December 2017 published by the Office of the Chief Economist of the Australian Government Department of Industry Innovation and Science.

Pnina Feldman, Executive Chairperson commented, *"We are excited to finally see the light at the end of the tunnel for this project, with potential business arrangements which we believe will turn our South Johnstone Bauxite deposit into the lucrative project that we have always anticipated it could become. The Company's current trip to China should further these potential arrangements and partnerships that should establish South Johnstone as an exciting project that will benefit the Company and all shareholders."*



China  
大中華

## 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 March 2018

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	34	34
1.2 Payments for		
(a) exploration & evaluation	-351	-964
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	-601	-1181
1.3 Dividends received (see note 3)		
1.4 Interest received	39	129
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>-879</b>	<b>-1982</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)		-750

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
(d) other non-current assets (MCL investments and expenses paid by MCL directly for its business development)	-801	-1279
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>-801</b>	<b>-2029</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		613
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		766
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings (MCL directly)	210	1537
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>210</b>	<b>2916</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	8909	8534
4.2 Net cash from / (used in) operating activities (item 1.9 above)	-879	-1982
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-801	-2029
4.4 Net cash from / (used in) financing activities (item 3.10 above)	210	2916

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>7439</b>	<b>7439</b>

<b>5.</b>	<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	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	7439	8909
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7439</b>	<b>8909</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**

152

Payment of QBL directors fees

**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**

290

Payment for company management and administration services provided under the AGM management services agreement for geological services, secretarial services, bookkeeping, office administration staff and office rental.

## 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.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	200
9.2 Development	500
9.3 Production	
9.4 Staff costs	
9.5 Administration and corporate costs	500
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>1200</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				

**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: .....30<sup>th</sup> April 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.