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Strategic Collaboration and Supply Agreement Signed with Canadian Licensed Producer

Growing the International Medical Cannabis Marketplace

The Board of Queensland Bauxite Limited ('**ASX:QBL**' or '**the Company**') is very pleased to announce a materially strategic transaction, that its soon to be wholly owned subsidiary Medcan Australia, has entered into a Strategic Collaboration and Supply Agreement Signed with an established Canadian Licensed Producer of Medical Cannabis.

As a result of a relationship forged over the past two years, Medcan Australia (Medcan) has formalised a significant Collaboration Agreement with Bonify Holdings Corporation (Bonify), a Canadian Licensed Producer of Medical Cannabis, for Medcan to provide medical cannabis products to Bonify for distribution in the burgeoning Canadian market.

Highlights of the Strategic Collaboration Agreement

- Under the Strategic Collaboration Agreement (SCA), Bonify has agreed to arrange for the delivery to Medcan of cannabis plant (Material) that is to be used by Medcan to manufacture the Material into bulk dried cannabis flowers.
- Importantly, Medcan will be provided with Bonify's genetics by way of seed stock/tissue culture and it will immediately obtain from Bonify an amount of finished end user packaged products to cater for Medcan's Australian patients.
- The intent of the SCA is for the parties to build a mutually beneficial and profitable relationship, and for that purpose they agree to continue dialogue around further collaboration opportunities relating to (but not limited to) genetics, product development and supply.

Further Information in respect of the Strategic Collaboration Agreement

The SCA includes general terms relating to placing of orders, the performance of the manufacturing services, regulatory compliance in respect of the manufacturing which will be undertaken by Medcan, end product deliverables, and the like.

Medcan shall, at its own expense, obtain and maintain the necessary permits, registrations, licenses, or other regulatory approvals required for the manufacture of the end product. Bonify shall at its own expense, obtain and maintain any permits, registrations, licenses, or other regulatory approvals in respect of the material and the end product, or the import, export, marketing, sale, distribution or use of the end product in or into any jurisdiction in which it markets, sells or distributes the end product.

The term of the SCA is a period of 1 year, in which it is intended for Medcan to initially supply Bonify with 3000kgs of dried flower, and it renews automatically year on year for successive 1-year periods, unless written notice of the intention not to renew is given by either side within 60 days before the renewal term expires.

It is anticipated that this supply will commence approximately 14-16 weeks from receipt of Medcan's receipt of the first Materials supplied by Bonify and will continue with shipments on a quarterly basis for the initial term of the agreement. It is anticipated that the Medcan facility will be fit out and operational by early 2019.

The parties have acknowledged that whilst Medcan and Bonify will use best efforts to adhere to the timeframes specified within the agreement, the timeframes may be subject to variation in order to comply with relevant Australian and Canadian legislative requirements. Whilst the agreement is expected to be significant for the Medcan business, it is not possible to definitively quantify expected revenue at this stage.

The agreement may be terminated immediately by giving written notice if either party fails to remedy a material breach of the provisions of the agreement within 30 days of being notified by the other party in writing of the relevant breach.

Either party may also terminate the agreement immediately by giving written notice if the other party is declared insolvent or bankrupt, or a voluntary petition of bankruptcy is filed in any court of competent jurisdiction by a third party; or the other party ceases or threatens to cease to carry on business; or the agreement is assigned by the other party for the benefit of creditors.

Medcan may terminate the agreement in the event Bonify does not deliver the Materials. Bonify may (acting reasonably) terminate the agreement by giving 30 days written notice in the event Medcan fails to manufacture the Material into End Product within the timeframes specified in the agreement.

Each party provides representations and warranties as to their legal status and corporate authority, and in respect of the Materials or End Product to be delivered which are standard for an agreement of this nature. Medcan and Bonify also provide mutual indemnities in respect of, among other things, any loss suffered (excluding consequential loss) as a result of a breach of the SCA, except to the extent such losses are attributable to the negligence or wilful misconduct of the relevant indemnified party.

Medcan Australia's CEO, Craig Cochran says, "We are delighted to announce this strategic agreement with Bonify. This agreement is the culmination of over 24 months of discussions and hard work between our companies. We consider this a huge step forward for the International Medicinal Cannabis industry and more specifically Australian export of Medicinal Cannabis products. It aligns with Australian Health Minister Greg Hunt's announcement in February 2018 that Australia *"aims to be the world's number one exporter of Medicinal Cannabis"*. This agreement also opens the door for numerous other opportunities between our companies around research and product development."

Medcan Australia's BDM, Gareth Ball adds, "With patient access still being a huge issue in Australia, an international agreement of magnitude provides a platform for an industry push around Australian patient access. Medcan's vision has, and always will be, to provide the highest level of Medicinal Cannabis products to Australian patients. Agreements like this allow Australian Medicinal Cannabis companies the ability to operate with a level of profitability as the push for better patient access in Australia continues."

Bonify's President and Chief Executive Officer, Dalbir Bains, comments: "We are excited to be working together with Medcan to help us ensure our Canadian customers are provided with the products they both want and need. This Agreement allows us to further increase our Canadian market offering, while it simultaneously opens the door for bilateral supply agreements and further international product development and research collaborations between our two companies.



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About Queensland Bauxite

Queensland Bauxite Ltd is an Australian listed company focused on the exploration and development of its bauxite tenements in Queensland and New South Wales. The Company's lead project is the South Johnstone Bauxite Deposit in northern Queensland which has rail running through the project area and is approximately 15-24 kilometres from the nearest deep water port. The Company intends to become a bauxite producer with a focus on commencing production at South Johnstone as early as possible. The Company has recently agreed to acquire a 100% shareholding in Medical Cannabis Limited, an Australian leader in the hemp and Cannabis industries, and a 100% shareholding in Medcan Australia Pty Ltd, a company with an ODC cultivation and production License, ODC Cannabis import and export Licenses, and a DA approved Cannabis production and manufacturing facility.

About Bonify

Bonify is a Canadian-owned leading provider of quality Cannabis. By maximizing research findings and strictly adhering to best in class practices, quality standards and procedures, Bonify produces Cannabis solutions to help individuals get the most out of life each and every day.

To learn more, please visit www.bonify.com

Contact Information

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