

14 January 2019

ת"דב

ASX APPROVAL LETTER AND TERMS OF ASX WAIVERS

ASX Admission Decision

Queensland Bauxite Limited (ACN 124 873 507) (ASX: QBL) (**Company**) is most pleased to announce that the Company has received the formal approval letter for its application for reinstatement to the official list of ASX Limited (**ASX**).

The Company's securities are to be reinstated to official quotation on a date to be decided by ASX but not before 25 January 2019, subject to compliance with the conditions as set out in the ASX letter, which include the conclusion of the Offers and transactions and issues of shares as set out in the Company's prospectus dated 27 September 2018 (as supplemented) (**Prospectus**). The Company anticipates the ASX conditions as set out in its letter will be satisfied by the 25th January 2019.

The terms of the ASX waivers granted in connection with the approval are set out in Annexure A to this announcement. Unless otherwise stated, capitalised terms not defined in this announcement have the meaning given in the Company's Prospectus.

The Company is looking forward to 2019 being an exciting year for all our shareholders as we build the hemp seed food and medicinal cannabis businesses to the satisfaction of shareholder expectations.



Pnina Feldman
Executive Chairperson,
Director of Business Development,
Queensland Bauxite Limited

For further information, please contact:

Queensland Bauxite Ltd

Tel: +61 (0)2 9291 9000

For further information or any queries please email the Company at:

sfeldman@queenslandbauxite.com.au



www.twitter.com/QLDBauxite

About Queensland Bauxite

Queensland Bauxite Ltd is an Australian listed company focused on the exploration and development of its bauxite tenements in Queensland and New South Wales. The Company's lead project is the South Johnstone Bauxite Deposit in northern Queensland which has rail running through the project area and is approximately 15-24 kilometres from the nearest deep water port. The Company intends to become a bauxite producer with a focus on commencing production at South Johnstone as early as possible. The Company 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.

ANNEXURE A ASX Waivers

Based solely on the information provided ASX does each of the following:

- (a) Grants a waiver of Listing Rule 1.1 Condition 12 to the extent necessary to permit the exercise price of up to:
- (i) 85,000,000 options under the Capital Raising Offer;

(together, the **Options**),

not to be at least \$0.20, subject to the following conditions:
 - (ii) the exercise price of the Options is not less than \$0.02 each;
 - (iii) the terms of this waiver are immediately disclosed to the market and, along with the terms and conditions of the Options (refer to **Annexure B**), are released to the market immediately; and
 - (iv) the Company's Shareholders approve the exercise price of the Options in conjunction with the approval obtained under Listing Rule 11.1.2 for the Proposed Acquisition.
- (b) Grants a waiver of Listing Rule 2.1 Condition 2 to the extent necessary to permit the issue price of a minimum of 57,000,000 and up to 170,000,000 Shares proposed to be issued pursuant to the Prospectus (**Capital Raising Shares**) not to be at least \$0.20 per Share, subject to the following conditions:
- (i) the issue price of the Capital Raising Shares is at least \$0.035 per Share;
 - (ii) the terms of this waiver are immediately disclosed to the market;
 - (iii) the Company's Shareholders approve the issue price of the Capital Raising Shares in conjunction with the approval obtained under Listing Rule 11.1.2 in respect of the Acquisitions; and
 - (iv) the terms of the Acquisitions and Capital Raising Offer have not materially changed (as determined by ASX in its absolute discretion) from those announced by the Company on 16 August 2018.
- (c) Grants a waiver a Listing Rule 9.1.3 to apply the restrictions in clauses 1 and 2 of Appendix 9B (as applicable) to the ordinary shares of the Company issued to shareholders of MCL, on condition that the Company acquires 100% of the share capital of MCL and the entire business of MCL being acquired by the Company, as follows:
- (i) The Shares issued to MCL vendors who subscribed cash for their shares in MCL are treated as being held by related or unrelated seed capitalists (as appropriate) of the Company.
 - (ii) Cash formula relief is applicable to those Shares that are issued to persons who subscribed for their MCL Shares for cash consideration.
 - (iii) For the purposes of determining the length of the escrow period for Shares issued to unrelated seed capitalists which are subject to 12 months escrow, the 12 months escrow period will be deemed to begin on the date on which the cash subscription for their shares was made.

- (iv) For the purpose of determining the length of the escrow period for Shares issued to related party or promoter seed capitalists which are subject to 24 months escrow, the 24 months escrow period will begin on the date of reinstatement to official quotation of the shares in the Company following its recompliance with chapters 1 and 2 of the listing rules.
 - (v) Paragraph (a)(iii) is conditional on the Company having acquired 100% of the issued capital of MCL and the entire business of MCL.
- (d) Grants a waiver of listing rule 14.7 to the extent necessary to permit the issue of:
- (i) A minimum of 57,000,000 Shares and a maximum of 170,000,000 Shares at an issue price of \$0.02 each under the Capital Raising Offer;
 - (ii) 1,212,857,143 Shares to the MCL vendors;
 - (iii) 250,000,000 Shares to the Medcan vendors;
 - (iv) 18,000,000 Shares to Medcan Management;
 - (v) 40,540,541 Shares to the HHC vendors;
 - (vi) 21,621,621 Shares to the T12 vendors;
 - (vii) 5,405,405 Shares to T12 Management;
 - (viii) Up to 12,500,000 Shares at an issue price \$0.035 per Share and 6,250,000 free attaching Options to Sholom Feldman; and
 - (ix) Up to 12,500,000 Shares at an issue price \$0.035 per Share and 6,250,000 free attaching Options to Pnina Feldman,
- (together, the **Securities**),
- as approved by the Company's Shareholders at the general meeting held on 14 September 2018 (**Meeting**), later than one month or 3 months (as the case may be) after the date of Meeting, on the following conditions:
- (i) The securities must be issued no than 24 March 2019.
 - (ii) The securities are issued pursuant to the relevant terms and conditions set out in the notice issued for the Meeting.
 - (iii) The circumstances of the Company, as determined by ASX, have not materially changed since the Company's Shareholders approved the issue of the Securities.
 - (iv) The terms of this waiver are immediately released to the market.

ANNEXURE B Option terms

The terms of the Options in respect of which ASX has granted a waiver of Listing Rule 1.1 Condition 12 are as follows:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

The amount payable upon exercise of each Option will be \$0.10 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (EST) on 30 April 2020 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under clause (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11)

of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.