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17th March 2017

Mr Jeremy Newman

Senior Adviser, ASX Listings Compliance

Dear Jeremy,

I refer to your letter dated 16th March 2017 requesting further clarification on our announcement of yesterday regarding the licences granted to Mr. Andrew Kavasilas on behalf of Medical Cannabis Limited (MCL).

1. We consider that the approval described in our recent announcement is information that a reasonable person would expect to have a material effect on the price or value of our securities.
2. N/A
3. The entity first became aware of the approval late on Friday 10th March.
4. The Company requested for Mr Andrew Kavasilas, the technical Director of MCL who obtained the approval, to fly on Monday 13th March to the Company's offices in Sydney to immediately prepare a public release. Mr Kavasilas concluded the release together with the Company on Tuesday, and in accordance with the agreements with MCL, we sent it to the board of MCL to give them the ability to comment prior to releasing to the ASX to ensure they were satisfied that it was materially accurate. The MCL board met on Wednesday, and we received final confirmation of no further comment from the board of MCL on Thursday morning, when it was immediately released. As the Board of QBL are reliant on the board of MCL to provide accurate information for release, we could not take the responsibility to release any information prior to the board of MCL reviewing the release which was done in as timely a manner as practically possible under the circumstances. There are significant parts of the operations of MCL that are by its nature confidential, and it takes some consideration and time to ensure that only the material information required to be disclosed is disclosed to the market in as timely a manner as possible without unnecessarily impacting on the confidential commercial in confidence property of MCL that is not required to be disclosed under the Listing Rules.
5. The varieties approved to grow are a selection of dioecious genotypes, and Mr Kavasilas has now secured the approval from the DPI to grow plants indoors so that they can be transported to Sydney to enable them to be publicly displayed at the Sydney Hemp Health & Innovation Expo on Sunday 28th May 2017 at the Rosehill Racecourse. Mr Kavasilas has obtained a License under section 5 of the Hemp Industry Act 2008 to:

    i) cultivate low-THC hemp for commercial production and for manufacturing process; and
    ii) supply low-THC hemp for commercial production and for manufacturing process.

This licence is subject to conditions imposed by the Act, conditions prescribed by the Hemp lndustry Regulation 2008 and the additional conditions set out below.

Additional Conditions:

a) Sowing seed - A THC analysis, statutory declaration or other form of guarantee which ensures the sowing seed has a THC level of less than 0.5% must be held in the Register described under clause 10 (1) (b) of the Regulation and provided to an authorized inspector where requested.
b) Annual Planting Notification -The licence holder must submit an Annual Planting Notification in the approved form within 1 month of planting a low-THC hemp crop. The following information is to be notified:

- the specific paddock or plot on the property sown
- the crop area sown
- the date that the crop was sown
- the variety of low-THC hemp sown
- the source of seed or planting material including the name, licence number and state or territory of the supplier. If seed is imported from overseas a seed certification number or AQIS import clearance number must be provided.

Mr Kavasilas further obtained approval last Friday from the Department of Primary Industries in NSW for a Permit for movement and display of Industrial Hemp plants within New South Wales under the Hemp industry Act 2008 ("the Act") and pursuant to clause 9 (2)(b) of the Hemp lndustry Regulation 2008 (''the regulation"), to allow the movement of entire potted plants of low-THC industrial hemp, to approved premises in accordance with the conditions of movement specified in the Licence, which applies to the transport and display of plants of low-THC industrial Hemp (Cannabis sativa) plants grown under standard licence conditions by the permit holder with exemption from clause 9(1)(h) of the Regulation - that requires Plants to be substantially stripped of leaves prior to leaving property of production.

6. The Company relies on the board of MCL to provide material information to the Company when it becomes available, and the board of MCL are aware of their obligation to provide that information to the board of QBL as soon as it becomes available. We have requested the board of MCL to ensure that the information is provided to the board of QBL in a format suitable and approved for immediate release as soon as the information becomes available and as quickly as practical. There are significant parts of the operations of MCL that are by its nature confidential, and it takes some consideration and time to ensure that only the material information required to be disclosed is disclosed to the market in as timely a manner as possible without unnecessarily impacting on the confidential commercial in confidence property of MCL that is not required to be disclosed under the Listing Rules.

7. We confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

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8. We confirm that the Entity's responses to your questions have been authorised and approved by our board.

Sholom D Feldman
Executive Director / Company Secretary

16 March 2017

Mr Sholom Feldman
Chief Executive Officer
Queensland Bauxite Limited

By email

Dear Mr Feldman

QUEENSLAND BAUXITE LIMITED ("ENTITY" OR "COMPANY"): ASX AWARE LETTER

ASX Limited ("ASX") refers to the following.

1. The Entity's announcement released today at 10:19:55 am (AEDT) entitled "LICENCE FOR GROWING CANNABIS INDOORS GRANTED" (the "Announcement") which discloses the following:

   > *"Last Friday 10th March 2017, approval was granted by NSW Department of Primary Industries (DPI), under the Industrial Hemp Act 2008, to allow the Company to grow indoors a selection of its plant varieties at a private location in NSW"* (the "Approval").
   >
   > *"This is in addition to a licence under section 5 of the Hemp Industry Act 2008 to cultivate and supply low-THC Cannabis for commercial production and for manufacturing processing."*

2. A change in the price of the Entity's securities from a closing price of $0.012 on Friday, 10 March 2017 to an intra-day high of $0.031 at the time of writing today, 16 March 2017 and a significant increase in the volume of the Entity's securities that have traded during that period.

3. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

4. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

   > "*an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."*

   Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information"*.

5. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

> *"3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:*
>
> *3.1A.1 One or more of the following applies:*
>
> - *It would be a breach of a law to disclose the information;*
> - *The information concerns an incomplete proposal or negotiation;*
> - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
> - *The information is generated for the internal management purposes of the entity; or*
> - *The information is a trade secret; and*
>
> *3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*
>
> *3.1A.3 A reasonable person would not expect the information to be disclosed."*

6. ASX's policy position on the concept of *"confidentiality"* which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "Listing Rule 3.1A.2 – the requirement for information to be confidential"*. In particular, the Guidance Note states that:

> *"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."*

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Entity consider the Approval to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

2. If the answer to question 1 is "no", please advise the basis for that view.

3. When did the Entity first become aware of the Approval?

4. If the answer to question 1 is "yes" and the Entity first became aware of the Approval before it released the Announcement, did the Entity make any announcement prior to the release of the Announcement which disclosed the Approval? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Entity was obliged to release the information relating to the Approval under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information relating to the Approval was released promptly and without delay.

5. Please specify which plant varieties the Approval relates to and set out all material terms and conditions of the Approval.

6. Please set out what reporting and escalation processes the Entity has in place to ensure that information which is potentially market sensitive is promptly brought to the attention of its officers and the appropriateness of such processes.

7. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

8. Please confirm that the Entity's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of Entity with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by not later than 4pm on Friday, 17 March 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at **tradinghaltsperth@asx.com.au**. It should **not** be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Please contact me if you have any queries or concerns about the above.

Yours sincerely

[sent electronically without signature]

Jeremy Newman
Senior Adviser, ASX Listings Compliance