

22nd November 2017

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Momentous Deal with Premium Hemp Processing and Innovation Group

The Board of Queensland Bauxite (ASX:QBL) considers that a monumental milestone has been reached by Medical Cannabis Limited (MCL), QBL's Hemp Seed Food production and medicinal Cannabis investment company.

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 to announce that MCL has 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.

Prina 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, learned via Organic Markets Direct (OMD) a company they also founded.

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

We feel privileged that HHC has chosen MCL and Vitahemp to form this now powerful group as pioneers in this industry.

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.

The material terms of the acquisition agreement are that in return for MCL receiving a 55% interest in HHC, MCL will issue 5% of Vitahemp to the current owners of HHC, MCL will invest an additional \$300,000 in further upgrading processing equipment, and will issue an additional \$1.5M worth of MCL shares to the shareholders of HHC when MCL lists independently on the ASX.

Executive Chairperson of QBL, Prina Feldman, said "We cannot wait to see MCL begin this new and exciting adventure. These strategic acquisitions and alliances are indeed a significant milestone for the Australian hemp seed food industry in general and for MCL / Vitahemp in particular. We are so looking forward to seeing Vitahemp bring its all Australian

gold standard quality hemp seed foods supervised from the planting all the way through to direct delivery to the consumer.

“Natural nutrition is no longer the domain of health food stores. More and more mainstream retailers provide Australian families an opportunity to purchase wholesome foods. Many believe hemp seed is the world’s most nutritionally complete, affordable and sustainable food source. Consumer demand is robust.

“The Boards of QBL, MCL, HHC and VitaHemp share a vision and purpose and are firmly committed to partner with the health of families and indeed nations, which includes educating young and old relating to the health benefits of Hemp in both medicine and nutrition.”

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.”



Pnina Feldman
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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 also pursues additional investment opportunities, and has acquired a 55% shareholding in Medical Cannabis Limited, an Australian leader in the hemp and Cannabis industries.