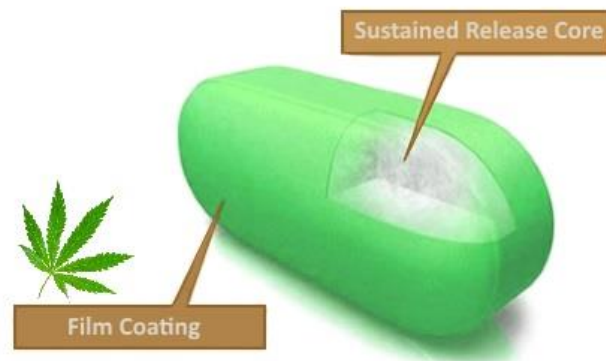


8<sup>th</sup> January 2018

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- VitaCann Pty Ltd (“VitaCann”) has signed an exclusive joint venture agreement (the “Joint Venture”) for a **World First** Pharmaceutical Grade Medical Cannabis Extended Release Pill with Canntab Therapeutics Limited (“Canntab”) of Toronto, Ontario, Canada.
- VitaCann is a wholly owned subsidiary of Medical Cannabis Limited (“MCL”), subsidiary of Queensland Bauxite Limited (ASX:QBL),



- MCL believes this product to be a **game changing** medicinal solution
- **New Australian Federal Government export approval** gives MCL clear and tangible opportunities to expand production, processing and manufacture of its unique Cannabis seed bank, genetics and products into the existing worldwide multi-billion dollar markets.
- The Australian Government has willingly put in place legislation to enable a **consistent pharmaceutical grade GMP quality pill product** such as the Canntab pill now secured by VitaCann, to be approved as a general prescription medication subject to an **established approval process**. This is unlike the legislative framework for current medical cannabis products being produced by **nearly all other** cannabis companies that without a consistent pharmaceutical grade product may find it difficult to get approvals.
- Doctors will be more comfortable prescribing a pharmaceutical grade pill rather than allowing patients to smoke cannabis.
- This XR pill is aimed to address the concerns raised by politicians, policy makers, medical professionals and medical cannabis patients who are looking for a better cannabis medicine delivery option (see below)
- Possible solution to the opioid crisis
- Canntab currently have several formulations of this pill to treat a variety of illnesses

The Board of QBL is excited to be involved with this **World First** venture

The Board of QBL is thrilled to be involved in bringing to Australia, through its subsidiary MCL, a fundamentally new product in the world cannabis market, and especially in the Australian market that should be one that will be accepted by the medical industry at large due to the unique benefits and advantages enumerated below.

Comment from Pnina Feldman, Executive Chairperson of QBL

Pnina Feldman, Executive Chairperson of QBL says “it is exciting to be involved in a venture which aside from its lucrative business prospects, aims at helping so many people in need of safe pain relief and other cures. Everyone knows someone who could benefit from this new technology, and it is deeply satisfying to see positive results with friends or family in dire need of such medication.

“MCL will strive to educate the political, medical and general community as to the benefits of this new form of medication (the Cannabis pill-XR), in the hope that Australia will now lead the rest of the world in progressing the currently amateur global medicinal cannabis market into a real medical pharmaceutical quality industry to the strict and globally respected Australian standards that the mainstream medical industry will accept. It is our belief that this unique Canntab pill will do just that.”

Comment from Andrew Kavasilas, Technical Director of MCL

Andrew Kavasilas says “With the much anticipated Federal Government announcement in relation to the export of medical cannabis products by Australian companies, this Joint Venture constitutes a **leap forward** in the Medicinal Cannabis Industry in Australia, by MCL having the foresight to develop such a deal and the signing of a joint venture agreement between Canntab Therapeutics of Canada and VitaCann, MCL’s medical product arm.”

Comment from Jeff Renwick, CEO of Canntab

Jeff Renwick, CEO of Canntab said: “We’re excited about the new Australian export laws **and our collaboration with VitaCann and MCL** in Australia. It is a testament to the forward thinking of MCL and the medicinal delivery technology developed by our team at Canntab.

“This deal also allows us to bring to the Australian market a significant advancement in Cannabis based medicines, for which VitaCann will work towards securing the necessary approvals for distribution in Australia. We believe that the current legislation in Australia will allow a pharmaceutical product of this nature to be approved for testing, distribution and sale in Australia.

“Canntab’s patent-pending extended release formulation for the first time lets doctors understand the actual products and establish the appropriate dosage for their patients. This will make taking medicinal Cannabis much easier for patients, which should translate into more effective treatment regimes and options.”

## Background

There is now a growing trend of national and international entities recognising the medicinal and therapeutic benefits of Cannabis. Major legislation and fast tracking of policies have been introduced in Australia, Ireland, Germany and the Philippines amongst others for the legalization of Cannabis for both medicinal and recreational uses. The interest in Cannabis to be used for medicinal purposes is growing exponentially.

Notwithstanding the recent legislation passed in Australia to allow medical Cannabis products, the industry has so far struggled to introduce products that the Australian medical industry or Government can approve or endorse, due to the challenges enumerated below. It is our belief that Canntab's proprietary product **addresses these challenges**, and will, once the formal clinical trials have been completed, find general acceptance among medical professionals and will be approved for widespread prescription use in Australia, and therefore will also be approved for export under the newly proposed legislation.

## Medical Uses

Though there is no pharmaceutical grade Cannabis medicine yet available to doctors to prescribe anywhere in the world, in some countries that provide Health Department exemptions like Israel, Canada and some American States, high THC Cannabis has been approved for use by patients to alleviate symptoms of arthritis, chronic pain, diabetes, epilepsy, anxiety, fibromyalgia, glaucoma, hepatitis c, HIV/AIDS, autism, amongst many other ailments.

It is our belief that these new pharmaceutical grade Canntab products however will, subject to going through the formal approval process, achieve the approvals required under the current legislation to be the premier medical cannabis product that can be **confidently recommended and prescribed** by the medical fraternities in Australia and globally.

It is therefore the view of the Board of MCL that the Canntab products will **propel MCL** to be the leading producer of approved medical Cannabis products in Australia **well ahead** of any other competitors.

## Landmark Study

2017 report by the US National Academy of Sciences Engineering Medicine reviewed 10,000 abstracts and confirmed that one of the therapeutic uses of cannabis and cannabinoids is to treat chronic pain in adults. The committee found evidence to support that patients who were treated with cannabis or cannabinoids were more likely to experience a significant reduction in pain symptoms.

<http://www8.nationalacademies.org/onpinews/newsitem.aspx?RecordID=24625>

Medical Cannabis use does not appear to have many of the dangerous and toxic side effects that come with many other medications, making this product a potential solution to the serious global opioid crisis amongst many other major benefits.

## Solution to the Major Roadblocks to the Use of Cannabis for Medical Purposes

The current delivery methods for Cannabis have significant shortcomings. Medical practitioners report that the current delivery methods are mostly unreliable, hard to accurately manage dosage, and there is also a clear stigma attached together with potential dangerous side effects with smoking and vaping. Dry flower (bud) smoking for example, which accounts for a significant percentage of medical cannabis sales in Canada, has major issues of dosage management issues, patients cannot consume discreetly, carcinogens are inevitably inhaled and is inappropriate for children.

### Cannabis Oils

Rapidly rising in popularity, oils and sprays are orally administered solutions that addresses issues caused by smoking. However, issues of this method of delivery include: unreliable onset time for patients and highly variable timelines for peak blood plasma, causing “stacking” (taking too much) by misdosage, and besides, there are significant storage and stability issues, including potentially going off or losing its potency within relatively short periods of time.

### What about Topicals?

Topicals are produced with oils by blending them with a fatty acid or propylene glycol. Topicals are typically only used for localized pain. This is a relatively inefficient delivery method that cannot address a myriad of other issues and ailments, including, specifically, dosage control.

### Synthetics

Synthetically produced cannabinoids have been around for decades and have never proven themselves to be appropriately efficient. Used as the principal component in pharmaceutical grade drugs such as Marinol, evidence to date show that synthetics lack a number of the benefits of natural or whole Cannabis cannabinoid extracts.

### What is the logical medical Cannabis solution?

Andrew Kavasilas answers, "First we must understand the difference between the high THC medical Cannabis being smoked by almost all patients in countries that provide a Health Department exemption for people to use it, and pharmaceutical cannabinoid medicines which are regulated by Federal Government bodies and which doctors will be more inclined to recommend or prescribe. These are the types of products **that must be developed** and now we believe that **CannTab has done just that.**"

### **The CannTab Solution**

CannTab's proprietary extended release tablets make it easier for doctors and patients to manage dosage. They're easier to take, eliminate social stigma, and do not have the adverse side effects of smoking marijuana.

Significantly, The Canntab XR tablets have incorporated proprietary extended release technology allowing patients to experience consistent extended relief.

Canntab’s unique sustained release dosage is designed to release the active pharmaceutical ingredient at a predetermined rate in order to maintain a constant drug concentration over a specific period of time – resulting in a longer duration of action from a single dose of between 12 to 18 hours, and often with reduced side effects. These same results cannot be achieved by other delivery systems, such as smoking, vaping, or edibles.

Joint Venture

The joint venture has been formed, to market and sell the Canntab proprietary products in Australia with a first right to distribute throughout Asia. VitaCann and CannTab will work towards having Canntab’s tablets formally approved for sale in Australia and to export to Asia. Pursuant to recent and evolving legislation in Australia, the Canntab product should qualify for approval, as it should meet all the standard medical requirements that would be expected by the medical industry and deals with the above mentioned issues and without the problems that nearly all other Cannabis products to date have faced.

We believe that the patents filed and pending protects key features of our IP, and positions Canntab to be the definitive Cannabis delivery method of choice among the established medical professions and ever expanding number of Australians using cannabis everyday for medical purposes, and an even greater number who would find benefits from its use.

Innovative Intellectual Property

The Canntab – VitaCann JV has robust intellectual property licensed by Canntab, with access now to MCL’s unique Australian Cannabis strains, and six filed patents protecting the Extended Release Tablets™ (XR).

**Patents** for unique formulations targeted at specific ailments have already been filed with the Canadian Patent Office.

Designed for Patients for Accurate Dosing

Even distributions of cannabinoids throughout the tablet dosing in 2.5mg, 5mg, and 10mg permits the patient taking the tablet to effectively titrate (“build up to”) with full knowledge and awareness of their medication intake, making it easier for doctors and patients to manage dosage. This is also in stark contrast to the inconsistency of oils and combustibles.

Simply put, a responsible medical professional would rather recommend a patient take uniform dosage tablets produced to pharmaceutical industry standards than smoke Cannabis.



Youth Patients

Appropriate consumption method for youth patients. Ease of portability and storage of the product permits patients to have more individual freedom.

CBD/THC Variations XR Tablets

The tablets are designed to specifically regulate the percentages of Cannabinoids and Terpenoids depending on the needs of the patient. This allows confident, reliable and consistent-dose use by patients requiring high CBD medication (i.e. epilepsy) as well as high THC medications (lack of appetite brought in by chemotherapy). A stark contrast to the inconsistency of oils and smoking!

Amongst the advantages of Canntab XR Tablets™ are: Quick Onset, Together with Long and Stable Relief

Unlike other oral delivery methods, Canntab utilizes Flash Melt delivery which allows absorption to begin immediately providing rapid relief to patients.

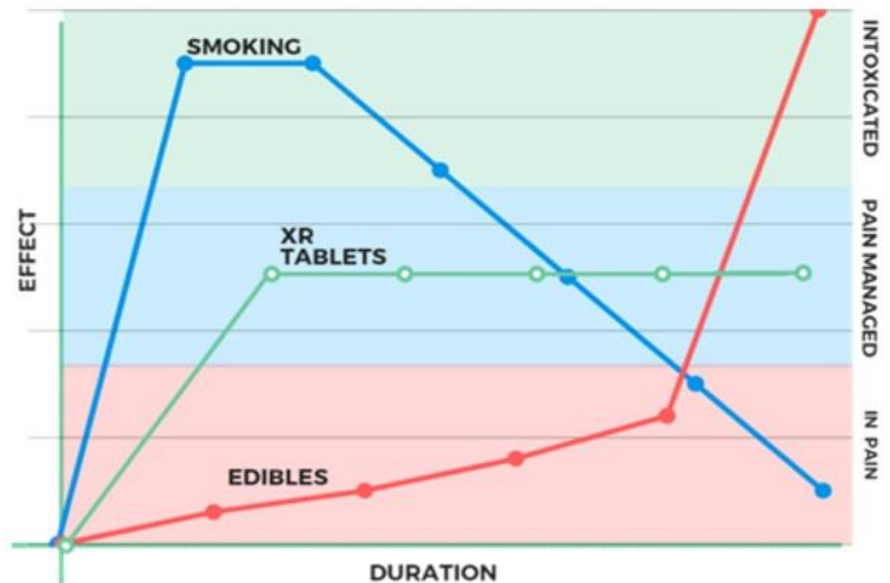
The XR tablets have incorporated proprietary extended release technology allowing patients to experience consistent extended relief.

Canntab Offers Stability

Patients that use **XR tablets** will be able to achieve rapid relief with even titration over an extended period.

Combustion of dry flower, while providing relief within seconds has a relatively short duration, often just 2 hours for most patients.

Edible solutions provide longer relief, but their slow onset time can be a major issue for those with chronic issues and the risk of “stacking” is more prevalent.



Source: Canntab

Canntab’s **unique Sustained Release Dosage** is designed to release the active pharmaceutical ingredient at a predetermined rate in order to maintain a constant drug concentration over a specific period of time – **resulting in a longer duration of action from a single dose and often with reduced side effects.**

Extremely Valuable Medical Cannabis Breakthrough

The Sustained Release Product is designed to release the cannabinoid content over a period of at least **12 hours**.

Sustained release formulations of pharmaceutical products are particularly valuable in the treatment of chronic conditions, such as chronic pain, where patients tend to need “around the clock” relief. There is substantial evidence that cannabis is effective for the treatment of numerous conditions including neuropathic pain.

This sustained release patent pending IP will form part of the first trials to be conducted in Australia to clinically prove the technology locally to TGA standards in order to achieve the Australian Government and TGA approvals.

As a result of the Canntab product and technology, and the current legislative environment in Australia, the Joint Venture feels that approval in Australia should be achieved. This could lead to approval of the Product in other countries. MCL is confident that the Canntab tablet will be the product of choice for the massive multi-billion-dollar medical cannabis industry, and will confidently be prescribed by the medical industry in Australia and throughout the world.

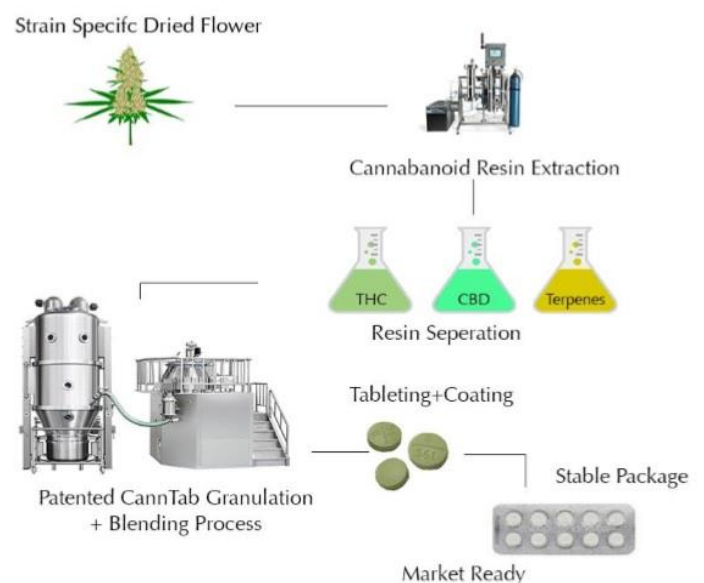
Unique Protected Process in the Manufacture of the XR Pill

1. Cultivation: The dry bud is harvested from top-tier suppliers that deliver consistent flower with consistent genetic profiles while being free of pesticides. MCL also owns its own unique seed bank. MCL and Canntab will collaborate to identify MCL cultivars from its seed bank with optimal and similar cannabinoid profiles and ratios as used in the primary production.

2. Extraction: Co-located extraction using CO<sub>2</sub> and not hydrocarbons such as hexane or butane, will be used to extract the key cannabinoids (THC, CBD). This raw extract will be the principal active ingredients in XR Tablets.

3. Granulation and Blending (Key IP): The company’s strategic patents filed and pending permit the extract to be granulated and blended into individually dosed pills for even distribution of cannabinoids offering critical features including rapid onset and steady extended release.

4. Packaging: The final stage will involve individual packaging into blister packs that will allow patients ease of consumption, accurate dosing, and awareness of when they need to refill.



MCL Technical Director Andrew Kavasilas said, "this agreement **sets the scene for MCL** to use its own Cannabis strains to initiate and **be at the forefront** of Australian based collaborative research into technical extractions and cannabinoid refinement, preclinical formulation, clinical development, regulatory approval, manufacturing and commercialisation of many unique and proprietary Sustained Release Products for the treatment of the many illnesses that different formulations of Cannabis may treat".

#### Canadian approvals in place

Canntab is expecting to produce the initial trial batches of GMP standard product in February and March 2018 which will permit the company and its Canadian partner to submit to Health Canada for marketing approval in order to ramp up its production of Sustained Release Products. Canada already has a proven track record in the export of Cannabis and Canntab already has the ability currently to export its product from Canada to countries with corresponding import legislation such as Australia.

#### Plans for Australian Import Approvals

Australia has allowed importing of medical cannabis products, and MCL will be expeditiously applying for import permits for the Canntab product.

This includes further detailed analysis of the procedures already utilised to import other medical Cannabis products, including the unlicensed and unregistered products imported to Australia by other companies.

Australian authorities have stated that products produced in countries where medical Cannabis is legal can be prescribed and trialed in Australia as long as the products in question have been produced to GMP Standards.

MCL believes the Canntab range of products meet the necessary and prerequisite standards for any new medical product to be considered for import for local distribution under the Australian Therapeutic Goods Administration (TGA) Special Access Scheme, and also for clinical trials in Australia for full TGA approval.

MCL do not know of any reason why the import licence and permit should not be approved in due course in line with current import legislation. Timeframes for import permits are currently up to the government, and as it is a new industry in Australia it is unknown how long the approvals will take, but the government statements have shown the government to be keen to progress and expedite such approvals for appropriate medical Cannabis products that can be prescribed as a medicine in Australia.

#### Plans for Australian Production and Export of Australian Canntab Product

In parallel, MCL will immediately be looking to work together with an existing GMP approved manufacturing facility in Australia during 2018, and in due course also work towards setting up its own manufacturing facility in Australia, to produce the innovative Canntab product using MCL's own cultivars, genetics and processing. These products should then also be available for



export from Australia under the newly announced laws, to countries that will allow medical cannabis imports, particularly from a country with advanced regulation and quality control such as Australia.

#### Export of MCL's Unique Genetics for Canntab Production in Canada

MCL will also be applying for export of MCL's Cannabis genetics (chemovars) to Canada to enable the chemovars to be assessed by Canntab, to incorporate into and/or produce unique Canntab products using MCL's wholly owned Cannabis genetics from its Australian seed bank.

#### Plans for Australian Domestic Medical Approvals

MCL intends to seek approval for Canntab products as required by Australian health authorities in accordance with new laws and policies recently developed by the Australian Government.

Though the anecdotal and research dossier on the use of Cannabis for medical purposes is much more robust than for most other prescription drugs, the missing link has always been the subsequent uptake towards legitimate trials using a lawful source of a whole plant extract, rather than a single natural cannabinoid or synthetic analogue.

VitaCann and Canntab intend to immediately **collaborate** on preclinical formulation, clinical development, regulatory approval and commercialisation of a range of additional cannabinoid containing formulations processed under Canadian GMP standards.

Work is being done and assessed by MCL to identify and pin point two or three medical conditions that will be targeted by the products from the Canntab range.

Irrespective, MCL and Canntab will work with health departments and government officials to ensure an even playing field is set so that a clinical trial can be conducted in accordance with Australia's new medical Cannabis laws and policies.

MCL will be working on two fronts in parallel; initially under the TGA Special Access Scheme which could happen imminently as above, and in due course under its own TGA approval through full clinical trials to be conducted under current legislation.

Under normal circumstances, new drugs to be approved by the TGA can take between 5 to 10 years to reach the market and involve expenditure of \$100's of millions, with uncertain outcomes. We have already seen the Australian Government fast track imports, develop new policies and make public announcements in relation to Cannabis exports. These are all extremely positive signs and MCL firmly believes that additional government changes and response to overwhelming public pressure will expedite approval for many steps along the way.

With other drug approvals by the TGA, human clinical trials are the last step of approval, and are therefore unproven if they will adequately or safely work on humans. Drug trials are generally only conducted on humans after extensive animal testing. With Cannabis however, overwhelming global anecdotal evidence and detailed scientific and medical research

particularly in Israel and North America, is already proving the effectiveness of varying strains of Cannabis for numerous significant human conditions, with extensive active human trials taking place. It is therefore our view that the medical approval process for Cannabis in Australia is likely to be expedited, particularly since the Australian government policy is being fast tracked and shaped by overwhelming public support and pressure to allow patients access to these products as quickly as possible.

Mr Kavasilas added, "We all know by now there is substantial anecdotal evidence that cannabinoids are effective and being supplied in many countries for the treatment of a number of conditions including, chronic pain, chemotherapy induced nausea, anxiety and sleep disorders, spasticity in patients with Multiple Sclerosis and pediatric epilepsy.

"MCL will seek to license and export **our own Cannabis strains** as soon as we can, while at the same time working on importing Canntab products and technology to use in conjunction with our own Cannabis strains. Canntab is **going the extra mile** in cannabinoid medicine development and delivery, I believe we're looking at the perfect products that should be imported as soon as possible to supply Australians suffering from recognised conditions who are otherwise being encouraged by all manner of politicians to use illicit Cannabis for medical purposes in the absence of prescription cannabinoid medicines".

#### Material Terms of the VitaCann-Canntab Joint Venture

1. The parties have signed a 50/50 joint venture (JV) agreement for the JV to exclusively manufacture, distribute and sell tablets containing Canntab's proprietary technology and formulation in Australia, and to obtain the approval for such activities. VitaCann retains the right of first refusal for distribution of the product throughout Asia.
2. VitaCann will be responsible for the first USD\$1,000,000 of the JV's expenditure in Australia, following which expenses will be split 50/50 between the parties.
3. The Joint Venture will be operated under the name Canntab Australia.
4. The Joint Venture shall be owned equally by Canntab and Vitacann and each of them shall be entitled to one half of all income and profits earned by the Joint Venture.
5. All contracts relating to the products entered into by the parties shall be in the name of the Joint Venture.
6. All registrations in Australia (and/or Asia) related to the products shall be in the name of the Joint Venture.
7. Canntab grants to the Joint Venture the exclusive right to utilize the patents and the know-how to market, sell and distribute the products in Australia with a first right throughout Asia.

Pnina Feldman, Chairperson of QBL, says "Not only do we as a Board believe that MCL is currently at the forefront of the hemp seed food industry in Australia, but we also believe that

with its national and international connections in the medicinal Cannabis world, and its unique seed bank and cannabinoid collection research over 15 years, and now with its joint venture with Canntab, MCL is well placed to be at the forefront of medicinal Cannabis research and product development, for Australia and worldwide benefit, and for the benefit of all QBL shareholders.”



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

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[www.twitter.com/QLDBauxite](https://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 also pursues additional investment opportunities, and has acquired a 55% shareholding in Medical Cannabis Limited, an Australian leader in the hemp and Cannabis industries.

**About Canntab**

Canntab Therapeutics Limited is a Canadian cannabis oral dosage formulation company based in Markham Ontario, engaged in the research and development of advanced pharmaceutical grade formulations of cannabinoids. Canntab has developed in-house technology to deliver standardized medical cannabis extract from selective strains in a variety of extended/sustained release pharmaceutical dosages for therapeutic use. Simply put, Canntab's mission is to put the "Medical" into medicinal Cannabis!  
[www.canntab.ca](http://www.canntab.ca)