



MEDCAN
AUSTRALIA

HEMP HULLING CO.

HEMP HULLING CO.



QUEENSLAND BAUXITE LIMITED
QUARTERLY REPORT
JUNE 2018

EXECUTIVE CHAIRPERSON'S REPORT

Pnina Feldman



Dear Shareholder,

On behalf of the Directors of Queensland Bauxite Limited, I am pleased to announce an update of our activities.

Operational momentum in our subsidiary MCL continued during the quarter, with significant investment delivering targeted results. Milestones included the completion of the expanded nutritional hemp production facility in Queensland, the procurement of crucial medical cannabis licenses and the announcement of the transformational MCL and Medcan acquisitions.

The Board of Directors considers that the acquisition of MCL and Medcan are a vital step in progressing the Company's vision of becoming a leading provider of nutritional hemp and medicinal cannabis products to supply the growing domestic and international global markets.

The Acquisitions will enable the Company to complete its second vertically integrated business from 'seed to consumer' in medicinal cannabis, in line with the strategy of the revenue generating nutritional hemp business.

MCL has taken the opportunity, in the infancy stages of this new burgeoning hemp industry, to prepare to take a large market share in this exciting and growing industry by investing in and completing major infrastructure upgrades at our Processing facilities in QLD. With both nutritional hemp and medical cannabis divisions now vertically integrated we are set for success to capture value through the supply chain. The Board has confidence of material growth in revenues over the next twelve months as a result.

The Company continues to move forward with the development of its bauxite projects and is progressing with its discussions with potential offtake partners following a recent management visit to China. The directors are confident that with the appropriate offtake partner, the bauxite projects will be a source of material revenue for the Company.

I would like to thank our Board and our dedicated and united management team who have assisted in the rapid development of MCL over the past year, who have been at the forefront of the numerous deals and alliances that have manifoldly increased the Company's market capitalisation. A special thank you to our loyal shareholders for the support that the Company's move into cannabis research and revenue has received. We all look forward to an exciting second half to 2018 and anticipate that the best is yet to come!

Yours sincerely,

A handwritten signature in cursive script that reads "Pnina Feldman".

Pnina Feldman
Executive Chairperson
QUEENSLAND BAUXITE LIMITED

Highlights

- 18th April 2018** VitaHemp unveils new Hemp Seed Oil Capsule
- 19th April 2018** VitaHemp supplying Red Tractor/Coles
- 20th April 2018** MCL signs MOU with BHC
- 20th June 2018** Company Transformation Notice
- 20th June 2018** QBL to acquire 100% of MCL
- 20th June 2018** QBL to acquire 100% of Medcan Australia
- 22nd June 2018** Merger of QBL/MCL Company Q & A
- 30th June 2018** End of Quarter



Highlights 2018

19th July 2018 Medical Cannabis Import & Export Licenses secured

- ODC Import Licence secured
- ODC Export Licence secured



These licences now allow Medcan, subject to individual permit issue, the ability to capitalise on the significant international and local opportunities by both importing and exporting a wide range of Cannabis products including, but not limited to:

Cultivars * Dried flower finished products * Full extract oil and tinctures finished products * Medicinal Cannabis products manufactured in Australia under a GMP Licence * Medicinal Cannabis products listed as export - only or registered in the ARTG * Extracts of Cannabis (or Cannabis resin) manufactured under a Narcotic Drugs Act 1967 Licence that are not in the final dosage form * The Canntab XR Pills produced in Canada.

As previously announced, QBL has entered into an agreement to acquire 100% of Medcan Australia.





VITASEEDS
PREMIUM HEMP SEED SUPPLIERS

Trial Winter Crops

Trial Winter crops to be harvested
in August





- Trial Winter Crops successfully planted
- New “Winter seedlings” resisting Frostbite conditions
- VitaSeeds farmers exploring to plant ‘all year round’ crops

- VitaSeeds team preparing for August harvest
- Good seed stock ready for the Spring Trial crops
- Biomass from harvest being explored for future use in Hemp by-products





Vitahemp Hemp Seed Oil Capsules



VitaHemp 'Black Label'

Product range

- VitaHemp releases its Premium 'Black Label' Hemp Seed Oil capsules
- VitaHemp capsules are unique in that they are guaranteed as being Australian grown hemp seeds. There are no imported hemp product being used in VitaHemp products
- VitaHemp's unique Hemp Seed Oil capsules contain no chemical residues, no mercury or odours
- The "Black label" range of Hemp Seed Oil products are the next advancement in cold-pressed refining
- Online and Retail Sales/Enquiries for the VitaHemp capsules have exceeded all expectations
- VitaHemp's Seed and processing Division, HHC, and partners Waltanna Hemp Group, provide the finest quality hulled hemp seed, hemp protein, hemp flour and refined Hemp seed oil in Australia
- In April we were able to fast track our Hemp Seed oil capsules through to high-profit, high volume production

VitaHemp secures supply Contract with Red Tractor/Coles



- VitaHemp in conjunction with Waltanna secures contract to supply various Hemp Seed flour and oil products to Red Tractor who have supplied the products to 580 Coles stores in Australia
- Due to the success of the Hemp ingredients supplied to Red Tractor, VitaHemp has been given a larger supply contract, through until December
- VitaHemp is one of the very few Australian companies that have access to hemp seed on a large commercial scale
- VitaHemp is able to commercially bulk produce its oils and flour at a high quality in partnership with Waltanna Farms



MCL signs an MOU with BHC

- Medical Cannabis Limited (MCL) has entered into a binding MOU with Burleigh Heads Cannabis Pty Ltd
- BHC has a medical cannabis import license approved by the Office of Drug Control (ODC)
- BHC has Government approved secure storage facilities for medical cannabis products
- BHC has agreed to provide the import and storage services for MCL's Canntab medical cannabis products
- This deal provides MCL with immediate access to the required Australian licenses and secured storage facilities that are required to import its Canntab medical cannabis pharmaceutical extended release pills from Canada
- MCL remains on target to commence distribution of the Canntab pill in 2H 2018



Australian Government Approved Supplier

Contact: info@burleighheadscannabis.com



TGA APPROVED
PRODUCTS

ALL OUR PRODUCTS ARE THE HIGHEST
PHARMACEUTICAL GRADE AND
APPROVED BY THE THERAPEUTIC GOODS
ADMINISTRATION OF AUSTRALIA

HHC Upgrades

- A major infrastructure upgrade has taken place at the production and manufacturing facilities at HHC
- HHC has been granted HACCP Certification
- HHC has completed a large processing upgrade to its machinery and equipment, becoming operational in June
- HHC has the latest technologies and machinery in place to produce to the highest quality standard. It has a dehuller capacity of up to 10t per hour
- HHC as the leading hemp processing facility in Australia, will continue to white label and process hemp for third party brands



Company Transformation



QBL to acquire 100%
Medcan Australia



QBL to acquire 100%
Medical Cannabis Limited

Management Team



Craig Cochran

CEO - Co Founder

Craig has more than 20 years experience developing businesses from inception, through start up and into maturity.

Craig currently sits on the board of a number of Companies with exposure in both the Australian and International markets.

As an early mover in the Australian Medicinal Cannabis industry, Craig has an in-depth knowledge and understanding of current legislation, licencing and regulation. With a focus on patient access, Craig has dedicated years to understanding the needs of individual patients.

With a network of contacts through Australia, Canada, Europe and the USA, Craig has an ear to the ground understanding of both local and international Medicinal Cannabis market trends, business models and access pathways.

Craig also has extensive experience in HVAC, Electrical/Automation design and engineering and project management. He has worked alongside a number of companies in both Canada and the US, specifically around facility design and outfit.

Craig's specific skillset allows him to oversee the design and fitout of the Medcan Australia facility whilst also facilitating the implementation, growth and development of Medcan Australia's Strategic Business Plan.



Management Team



Gareth Ball
Business Development
& Marketing
Co Founder

Gareth is a natural leader with a high drive and work ethic. He is an entrepreneur with a broad range of business acumen across many facets of business. He is a strategic thinker with great clarity about objectives and achieving results.

Gareth has been involved in a number of start-up companies. From owning his own, to consulting on others, Gareth understands the required work ethic and determination needed to achieve results. He currently owns 3 companies in Australia and 1 in the USA in the sports marketing and event management field.

His travel to the USA first exposed him to the Cannabis industry over 10 years ago but a trip to Colorado after legalisation in 2014, started his desire to be involved in the industry.

Gareth is a cannabis advocate and is passionate about bringing much needed medicine to the people who need it so they can improve their quality of life.

Gareth will have a hands on position within the business and will use his 20 years of sales and marketing experience to drive the business forward. Gareth is highly skilled in contract negotiations, inventory management, yield maximization, business operations, business to business sales and commercial management.





1

DA approved facility secured.

2

Existing highly secured industrial building

3

Fit out design to be completed in conjunction with Gavita Holland, AutoGrow control systems, and Way2Grow Australia in 2H 2018

4

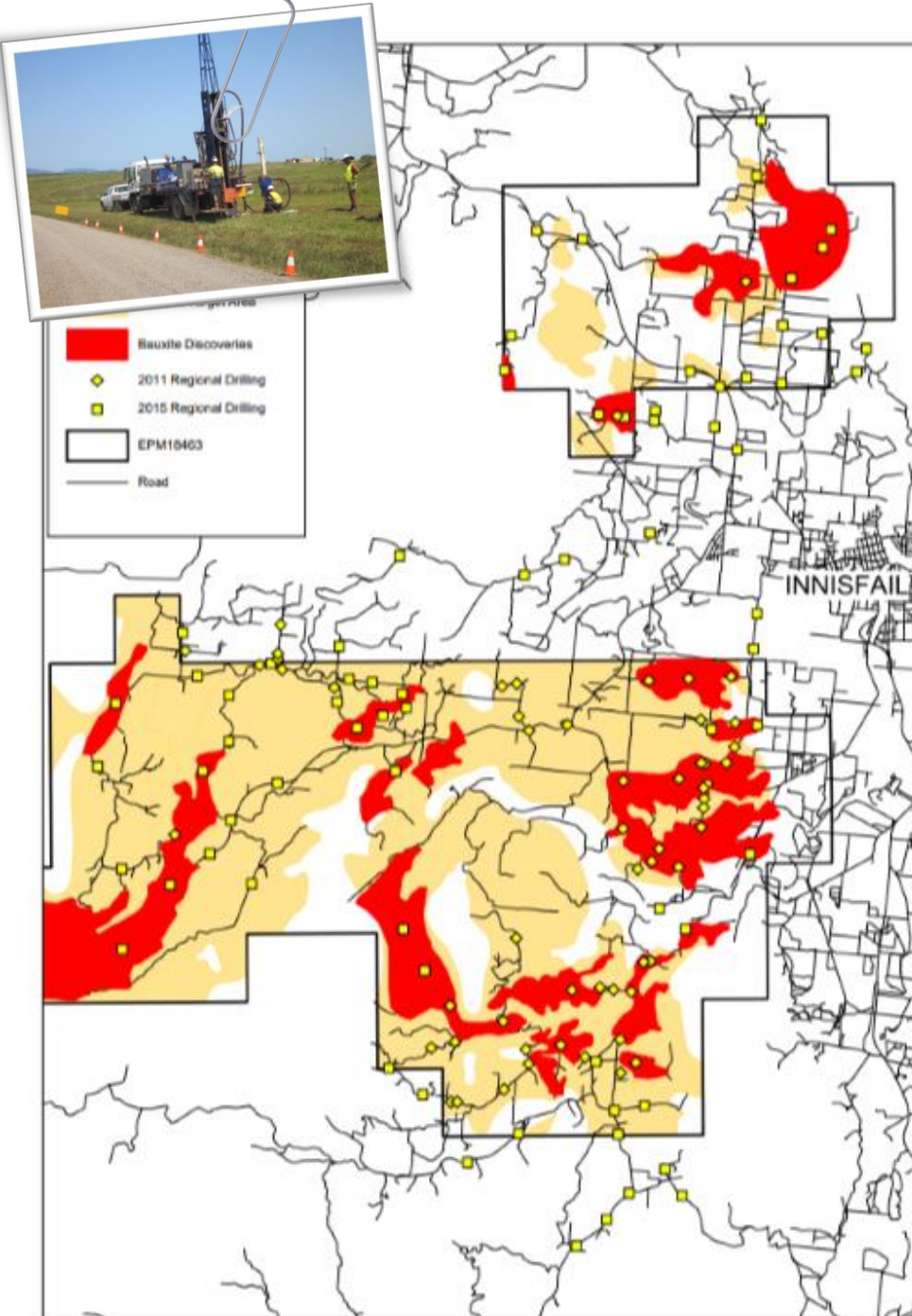
Fully automated GMP "clean room" Cultivation, Production and Manufacturing rooms, to be completed in 2H 2018



Queensland Bauxite's Mining Division



South Johnstone Mining Project



- The Company has been granted a mining development licence (“MDL”) from the Queensland Department of Natural Resources and Mines at the Company’s South Johnstone Bauxite project in Northern Queensland
- During their recent trip to China, the marketing team led by Dr Robert Coenraads PhD., met with Hong Kong based metals marketing platforms who have expressed an interest to assist in the commodity trading with QBL
- The team also visited several Chinese bauxite refineries and aluminum smelters whose executives have expressed interest in partnering in the development of the South Johnstone Bauxite Project. This remains an ongoing process

CORPORATE UPDATE SUMMARY

As at 30th June 2018, the Company held the following tenements:

Project Name	Interest Held %
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Eastern Australia Bauxite Projects	
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South Johnstone QLD	EPM18463	Granted	100%
South Johnstone QLD	MDL 2004	Granted	100%
Nullamana NSW	EL7301	Granted	80%

For further information please visit the company's website at www.queenslandbauxite.com.au or contact:

Sholom Feldman
Executive Director/Company Secretary
E: sfeldman@queenslandbauxite.com.au

www.twitter.com/QLDBauxite

QUEENSLAND BAUXITE LIMITED

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 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.

Competent Person Statement

The information in this announcement that relates to exploration results, Exploration Targets or Mineral Resources is based on, and fairly represents, information compiled by Dr Robert Coenraads. Dr Robert Coenraads is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Coenraads contracts services to Queensland Bauxite Limited. Dr Coenraads has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Dr Coenraads has given his consent to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Queensland Bauxite Limited

ABN

18 124 873 507

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	62	96
1.2 Payments for		
(a) exploration & evaluation	-216	-1,180
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	-369	-1,550
1.3 Dividends received (see note 3)		
1.4 Interest received	25	154
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	-498	-2,480

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-2	-2
(b) tenements (see item 10)		
(c) investments (MCL related Payments)		-750

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) other non-current assets (MCL investments and expenses paid by MCL directly for its business development)	-774	-2,053
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (GST rebates on MCL expenses)	34	34
2.6 Net cash from / (used in) investing activities	-742	-2,771

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		613
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		766
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings (MCL Directly)	321	1,858
3.6 Repayment of borrowings (MCL Directly)	-100	-100
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	221	3,137

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	7,439	8,534
4.2 Net cash from / (used in) operating activities (item 1.9 above)	-498	-2,480
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-742	-2,771
4.4 Net cash from / (used in) financing activities (item 3.10 above)	221	3,137

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	6,420	6,420

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,420	7,439
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,420	7,439

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	60
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

QBL Directors Fees

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	255
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Payment for company management and administration services provided under the AGM management services agreement for geological services, secretarial services, bookkeeping, management and administration staff and office rental.

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	200
9.2 Development	500
9.3 Production	
9.4 Staff costs	
9.5 Administration and corporate costs	500
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	1200

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

Date:31st July 2018.....

Print name:Sholom D Feldman.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.