

31st July 2018

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Recompliance Update

Further to the Transformation Announcement made on 20 June 2018, the Board of Queensland Bauxite Limited (ASX: QBL or "the Company") has recognised that due to current market conditions, the intended capital raise at 8c is no longer an immediate practical option. As a result, the Board has decided to amend the raising price for the recompliance.

The Board has decided that the revised offer under the recompliance will be a discounted raising exclusively to shareholders of QBL, and as previously advised, the directors intend to utilise their discretion to allocate the raising to shareholders in accordance with the size of their shareholding and the length of time the shareholder has held their shares. The offer will be open to all shareholders, and the directors will try to accommodate as many shareholders as possible pro rata to their shareholding.

The Board has determined that the exclusive offer will be for a minimum raising of \$2M and an oversubscription up to a maximum raising of \$6M, at 3.5c per share and one attaching 18 month option at 10c exercise price for every two shares subscribed for.

The Board also wishes to advise, that the Company has come to an agreement with Medcan to extend the date for completion of the Medcan acquisition agreement to the 31st October 2018.

The Company has been informed by the ASX, that the ASX current policy for any company undergoing a recompliance, that if the price of the recompliance capital raise is amended from that which was announced in the Annexure A transformation announcement, that given the repricing there will be significant changes to the capital structure of the Company and metrics of the recompliance for which the market will not be fully informed which necessitates that the relevant Company's shares will be suspended from trading until the recompliance is complete. Due to the current market conditions, the Board has had no option but to change the raising price.

Under the timetable released to the market, we are expecting the recompliance to be completed in October.

The Directors believe that the new merged entity will be a much stronger one, and therefore this process should significantly benefit all our long term loyal shareholders.



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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 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.