

26<sup>th</sup> November 2018

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## Cover Note to Appendix 3B

On 19 March 2018, Queensland Bauxite Limited ('ASX: QBL' the 'Company') released an Appendix 3B, followed by a covering announcement dated 20 March 2018, in respect of the issue of 78,459,163 shares to clear certain liabilities of the Company. 2,000,000 of these shares were to be issued in lieu of consultancy fees which were expected to become payable. The Company wishes to update the market that these 2,000,000 shares were not in fact issued at the time, and subsequently on 18 July 2018, 1,333,333 shares were issued in lieu of these consultancy fees, as detailed in the updated Appendix 3B accompanying this announcement.

In addition, the above mentioned covering announcement noted that the purpose of the issue was to settle the Company's outstanding liability under a funding agreement between the Company and New York based investment group MEF I L.P. (**MEF**). Under the funding agreement MEF had advanced approximately \$2.2M in finance to QBL (exclusive of financing and interest costs).

The settlement with MEF at the time was intended to coincide with finalising a further, larger financing agreement with MEF. However, this further facility did not ultimately proceed and following further discussion among the parties, QBL agreed to issue an additional 15,000,000 shares to MEF on 14 May 2018 in full and final settlement of the matter. It was agreed in accordance with the disclosure requirements under the Corporations Act that these shares would not be tradeable on the market until after the Company issues a prospectus. MEF also agreed that if it decides to trade or sell any of these shares on market, they would not sell in any one day more than 10% of the daily trading volume of the Company's shares. An Appendix 3B was not released at the time reflecting the issue of these shares and this issue is reflected in the Appendix 3B accompanying this announcement.

On 28 August 2018, the Company issued a total of 4,250,000 shares to Craig Cochran and Gareth Ball, being the existing management of Medcan Australia Pty Ltd (**Medcan**). The issue of these shares was in satisfaction of the Company's interim obligations under the Medcan agreement in relation to the payment of management fees to the directors of Medcan. The Company was already in the current trading suspension at the time of issue, and an updated Appendix 3B was not issued at the time. As such this issue is reflected in the Appendix 3B accompanying this announcement.

The above mentioned share issues were not announced at the time with an Appendix 3B due to administrative oversight on the part of the Company, as it was understood that these shares would not in any event be tradeable (and in fact were not traded) until after the recompliance prospectus was issued, and the intention was that the shares would only be quoted on the ASX once the Company completes the recompliance process under the prospectus.

A handwritten signature in blue ink, appearing to read 'Sholom Feldman'.

Sholom Feldman  
Managing Director and Company Secretary

**For further information, please contact:**

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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 has recently 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.

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Queensland Bauxite Limited

ABN

18 124 873 507

We (the entity) give ASX the following information.

#### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |                                                                                                                                                                                                                                               |                                                                   |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| 1 | +Class of +securities issued or to be issued                                                                                                                                                                                                  | Fully Paid Ordinary Shares                                        |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued                                                                                                                                                 | (a) 15,000,000<br>(b) 1,333,333<br>(c) 2,870,000<br>(d) 1,380,000 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully Paid Ordinary Shares                                        |

+ See chapter 19 for defined terms.

## Appendix 3B

### New issue announcement

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<p>4 Do the *securities rank equally in all respects from the *issue date with an existing *class of quoted *securities?</p> <p>If the additional *securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Yes</p>
<p>5 Issue price or consideration</p>	<p>(a) Deemed issue price of \$0.05 per share  (b) Deemed issue price of \$0.037 per share  (c) Deemed issue price of \$0.049 per share  (d) Deemed issue price of \$0.049 per share</p>
<p>6 Purpose of the issue  (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>(a) 15,000,000 shares issued to MEF I LP to discharge outstanding liability owing by the Company  (b) 1,333,333 shares issued in lieu of fees for consultancy services provided to the Company  (c) 2,870,000 shares issued to Craig Cochran (management of Medcan Australia Pty Ltd) as remuneration pursuant to Medcan agreement announced on 20 June 2018)  (d) 1,380,000 shares issued to Gareth Ball (management of Medcan Australia Pty Ltd) as remuneration pursuant to Medcan agreement announced on 20 June 2018</p>
<p>6a Is the entity an *eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the *securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>N/A</p>

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+ See chapter 19 for defined terms.

6c	Number of +securities issued without security holder approval under rule 7.1	16,333,333 shares	
6d	Number of +securities issued with security holder approval under rule 7.1A	None	
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	4,250,000 shares (issue to Medcan management approved by shareholders at the general meeting held on 14 September 2018)	
6f	Number of +securities issued under an exception in rule 7.2	None	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Refer to Annexure A	
7	+Issue dates  Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.  Cross reference: item 33 of Appendix 3B.	(a) 14/05/2018 (b) 18/07/2018 (c) 28/08/2018 (d) 28/08/2018	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		1,612,435,425	Fully paid ordinary shares

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	50,000,000 Performance Shares converting into fully paid ordinary shares upon achievement of the Australian Government granting a permit to Medical Cannabis Limited to grow cannabis varieties for medical cannabis research for the purposes of product development between the date of issue of the Performance Shares and 5 years after that date.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A

**Part 2 - Pro rata issue**

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A

+ See chapter 19 for defined terms.

18	Names of countries in which the entity has security holders who will not be sent new offer documents  <small>Note: Security holders must be told how their entitlements are to be dealt with.</small>  <small>Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A

+ See chapter 19 for defined terms.

## Appendix 3B

### New issue announcement

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|----|-------------------------------------------------------------------------------------------------------------|-----|
| 31 | How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | N/A |
| 32 | How do security holders dispose of their entitlements (except by sale through a broker)?                    | N/A |
| 33 | +Issue date                                                                                                 | N/A |

## Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of +securities  
(tick one)

(a) ☒ +Securities described in Part 1

(b) ☐ All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
- 1 - 1,000
  - 1,001 - 5,000
  - 5,001 - 10,000
  - 10,001 - 100,000
  - 100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

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+ See chapter 19 for defined terms.



**Entities that have ticked box 34(b)**

38	Number of <sup>+</sup> securities for which <sup>+</sup> quotation is sought	N/A	
39	<sup>+</sup> Class of <sup>+</sup> securities for which quotation is sought	N/A	
40	<p>Do the <sup>+</sup>securities rank equally in all respects from the <sup>+</sup>issue date with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional <sup>+</sup>securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	N/A	
41	<p>Reason for request for quotation now</p> <p><small>Example: In the case of restricted securities, end of restriction period</small></p> <p>(if issued upon conversion of another <sup>+</sup>security, clearly identify that other <sup>+</sup>security)</p>	N/A	
42	Number and <sup>+</sup> class of all <sup>+</sup> securities quoted on ASX (including the <sup>+</sup> securities in clause 38)	Number	<sup>+</sup> Class

<sup>+</sup> See chapter 19 for defined terms.

## Appendix 3B

### New issue announcement

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#### Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: .....  
(Director/Company secretary)

Date: 26 November 2018

Print name: Sholom D Feldman

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+ See chapter 19 for defined terms.

## Appendix 3B – Annexure 1

### Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

## Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b><i>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</i></b>	
<b><i>Insert</i></b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	1,547,852,092
<b><i>Add</i></b> the following: <ul style="list-style-type: none"> <li>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	  Nil   Nil   Nil
<b><i>Subtract</i></b> the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
<b>“A”</b>	1,547,852,092

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	0.15  <i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	232,177,813
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <ul style="list-style-type: none"> <li>Under an exception in rule 7.2</li> <li>Under rule 7.1A</li> <li>With security holder approval under rule 7.1 or rule 7.4</li> </ul> <b>Note:</b> <ul style="list-style-type: none"> <li><i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li><i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li><i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	60,333,333  (4,250,000 shares issued with shareholder approval at the general meeting held on 14 September 2018)
<b>“C”</b>	60,333,333
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<b>“A” x 0.15</b>  <i>Note: number must be same as shown in Step 2</i>	232,177,813
<b>Subtract “C”</b>  <i>Note: number must be same as shown in Step 3</i>	60,333,333
<b>Total [“A” x 0.15] – “C”</b>	171,844,480  <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10  <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li>• This applies to equity securities – not just ordinary securities</li> <li>• Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</li> <li>• Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</li> <li>• It may be useful to set out issues of securities on different dates as separate line items</li> </ul>	
<b>“E”</b>	

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
“A” x 0.10  <i>Note: number must be same as shown in Step 2</i>	
<b>Subtract “E”</b>  <i>Note: number must be same as shown in Step 3</i>	
<b>Total</b> [“A” x 0.10] – “E”	  <i>Note: this is the remaining placement capacity under rule 7.1A</i>