

# Targeting Premium DSO Bauxite



## OPEN LETTER

from the Executive Chairperson, Mrs Pnina Feldman

MONDAY JULY 2 2018

It is obvious by the many genuine questions and observations from shareholders to Queensland Bauxite ( ASX: QBL, the "Company"), that although six weeks was spent both by the company and ASX to make sure that the company merger/re-compliance announcement informed shareholders to the maximum, nevertheless there are still questions arising from the lengthy announcement which some shareholders feel need to be addressed.

The company aims to comprehensively address these topics and queries in forthcoming announcements to assist shareholders, especially those not familiar with complex corporate strategy and requirements, or those who wish to further understand the strategy in place by the directors and management of the QBL Group, which includes the agreed acquisitions of MCL (Medical Cannabis Ltd), and Medcan Australia.

QBL has assisted in the building of a highly professional management team for MCL, which will combine with QBL management to create a corporate team of utmost competence, able to adequately manage the huge task ahead of building a business aiming to assist millions worldwide health wise, and to increase shareholder wealth as the medicinal cannabis and hemp seed food industries gain recognition and eager acceptance worldwide.

**QBL HAS UNDERTAKEN** a careful infrastructure expenditure program in 2018 that is managing the use of funds to ensure that we maintain a strong cash bottom line to fund all projects moving forward. We have been very careful and strategic in our capital raises over the years to maintain a healthy cash balance, primarily through fair and equitable rights issues to shareholders.

**We have just gone into** the largest transformation project that the company has ever undertaken in its 7 years of trading as QBL, in taking over MCL and Medcan **without using any cash reserves**, so as to maintain a healthy working capital for all our future projects. As part of the recompliance, and as detailed in our Annexure A announcement, we are required by the ASX to conduct a further Capital raise, which we will invest in infrastructure that will actually produce cash revenue for the company by the end of 2H 2018! **We do not have to wait years** for a building to be designed or to get a DA approval and a building completed, **or 3 - 5 years** to start earning cash. Medcan already has the DA approval for its facility. MCL has begun to earn revenues with its Hemp Seed Food Division. QBL is expecting to be bringing in revenues from its Medical Cannabis Division by the end of the 2H 2018. We also have one of the largest footprints of any Australian company in the Cannabis and hemp markets at this present time.

**Rome wasn't built in a day.** The Cannabis and nutritional hemp industry became legal in Australia barely half a year ago. Notwithstanding that, MCL has built in quick time, very strong foundations that we believe will be a massive business for our company, and we are very proud of what we have been able to assist to achieve over the past half a year. The combined QBL and MCL MANAGEMENT believes our progress over the past half year compares more than favourably to that of any other ASX listed company in this exciting fast growing industry.

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In addition to the above, compared with nearly all other ASX listed companies, QBL's operating management expenditure is of the smallest, notwithstanding the expanding teams and projects now under QBL's umbrella. Remuneration structures of the Company Executives are actually in the **low end of the scale** compared to many of the other MM stocks presently on the ASX. Some of those MM companies have executive remuneration up towards, and in fact, are in the Million dollar a year range! The Board of QBL treats the awarding of salaries as a very serious matter when it comes to paying its Directors and Managers. The Board is mindful that they have a responsibility to caretake and manage all funds responsibly.

We have a devoted team of professionals with PhD's and MBA's, geoscientists, world renown Cannabis researchers and Specialists, large broad-acre hemp farms, contract supplies with large Australian Retail Distributors, a professional HACCP certified Hemp Dehulling facility which was just upgraded with an expansion capability of 10MT/ph, a Hemp Seed Premium Oil facility, a unique Cultivar Seedbank and genetics, a deal with a Canadian Cannabis Pharmaceutical company to import and manufacture Medical Cannabis GMP grade Pharmaceuticals to sell in Australia and Asia as part of our current projects.

We are very confident that this will all continue to be built upon by the end of 2018, and we will see larger crops, increased Retail demand and Wholesale demand, Medical Grade Pharmaceutical, Nutraceutical and Therapeutic products going out to market and strong revenues. In addition to our existing Licenses and Permits, MCL, with QBL's connections and assistance, has also been able to partner with Companies that complete the MCL vertically integrated structure, including ODC licences that has saved the company a year or two of precious time and millions in infrastructure projects and Licensing fees. This is intelligent management practice in operation.

The Company would ask all our shareholders and interested parties to please do your own comparative research between our company and any of the other ASX listed companies both in scope the of our cannabis projects and assets, and in expenditure and cash flow.

The upcoming updates and Q and A in forthcoming announcements will no doubt provide a satisfactory forum for shareholders to be fully informed so as to understand why management is so excited to be moving ahead with our unique and significant Joint Ventures.



Pnina Feldman  
Executive Chairperson  
Queensland Bauxite Limited (ASX: QBL)

For any shareholders who would like to communicate directly with the company with any real issues or suggestions relating directly to the current business of the company, please email QBL's Managing Director Sholom Feldman on [sfeldman@queenslandbauxite.com.au](mailto:sfeldman@queenslandbauxite.com.au) and he will do his best to respond to you in a timely fashion.