



ASX RELEASE (5 SEPTEMBER 2019)

THC Global secures 6.6ha hydroponics and 18ha open-field cultivation

Key Points:

- THC Global has secured 6.6 hectares of existing hydroponic greenhouses in Bundaberg, Queensland, which will be repurposed for cannabis cultivation subject to final licencing
- Additional 18 hectares of agricultural land for a proposed open-field cannabis cultivation operation
- Initial production expected to be 80,000kg of dried cannabis flower in hydroponic growing
- Securing an existing hydroponics operation allows production to commence almost immediately following granting of licences and permits from the Office of Drug Control
- Will be a primary supplier of medicinal cannabis flower to THC Global's Southport (Queensland) Facility as early as next year
- Major step in being able to deliver Australian produced medicinal cannabis products to Australian patients at commercial scale into early 2020.

THC Global Group Limited (THC Global or the Company) (ASX:THC) advises that it has secured an agreement to lease a property with 66,000m² of existing hydroponics greenhouses, and an additional 180,000m² of agricultural land for the cultivation of medicinal cannabis in Bundaberg, Queensland (the **Property**). The Property is in addition to the Company's existing Bundaberg and Northern NSW cannabis cultivation facilities.

In addition to the 66,000m² of hydroponic greenhouses on the Property which are able to be easily repurposed for medicinal cannabis cultivation, the Property has an attached 180,000m² of open agricultural land suitable for open-field cannabis or hemp cultivation. Within the next 14 days, THC Global will submit a request to the Australian Office of Drug Control (**ODC**) for the Property to be an additional cultivation site under an existing cultivation licence held by THC Global subsidiary, Canndeo Limited (**Canndeo**). Canndeo currently holds all three cannabis licences in Australia, and has primary operations at another facility in Bundaberg, Queensland.

THC Global expects to be able to produce an initial 80,000kg of dried cannabis flower from hydroponics growing annually at the Property, with the potential to increase this capacity through exploitation of the open-field cultivation area. In addition to medicinal cannabis, THC Global will explore using part of the open-field land for hemp cultivation, potentially enabling THC Global to enter the food and nutraceutical markets globally.

The medicinal cannabis cultivated at the Property will be processed at the Company's Southport Facility, which is capable of producing Good Manufacturing Practice (**GMP**) certified Active Pharmaceutical Ingredient (**API**) isolates as well as full-spectrum and broad-spectrum extracts. Access to an additional cultivation site which could be in production within months will support a rapid acceleration of production at the Southport Facility.

Chief Executive Officer, Ken Charteris commented:

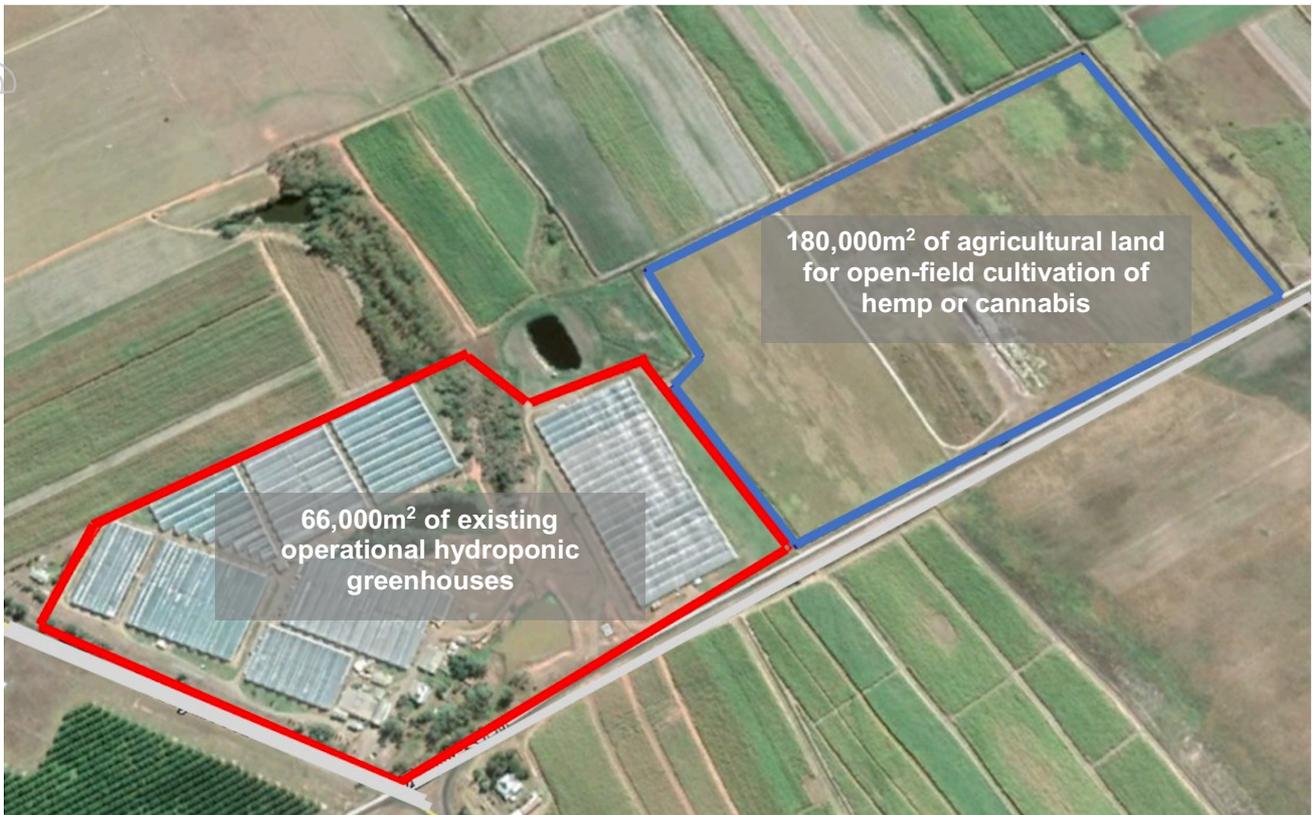
"THC Global has now secured access to 66,000m² of ready-to-cultivate hydroponic greenhouses and an additional 180,000m² of open-field agricultural land. With this facility, we will be able to cultivate over 80,000kg of dried cannabis flower almost immediately following licencing and permitting, without having to undertake a multi-million-dollar capital expenditure program which could take years to become operational.

"This facility complements our existing cannabis production assets in Australia, where we are currently the holder of all three medicinal cannabis licences from the Office of Drug Control enabling a Farm to Pharma production process at our facilities.



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“With this facility now secured, we will commence the process of submitting an application to the Office of Drug Control for this facility to come under our existing cultivation licences and permits, allowing for a rapid approval process compared to that of a new first-time applicant for a cultivation licence”.



In addition to seeking ODC approval for the use of the existing hydroponic greenhouses on the Property for the cultivation of medicinal cannabis, THC Global intends to explore the potential to use part of the open-field agricultural land on the Property for hemp cultivation, as the Company considers the nutraceutical, cosmeceutical, and food markets as an additional revenue stream for the Company. THC Global is in a unique position to enter this hemp-based market due to being an existing licence and permit holder under the ODC regulatory scheme for medicinal cannabis which allows for THC Global to conduct potential extraction from hemp. Entering this market would further take advantage of THC Global’s significant expertise, experience, and infrastructure for medicinal cannabis into hemp production.

The terms of the lease for the Property will be settled in conjunction with the application to the ODC for the ability to commence cannabis cultivation at the Property and is expected to be calculated based on the actual cannabis volume produced from the Property. This allows for the flexibility and scalability for production at the Property and avoids holding costs being incurred as the Company completes licencing and permitting activities.



The Property is owned by Eden Farms, who are a market leader in the production of continental cucumbers using a hydroponics growing process, and a pioneer in direct supply of fresh food to major food retailers since 1985.

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THC Global operates under a 'Farm to Pharma' pharmaceutical model, now holding all three key cannabis licences being a Cannabis Research Licence, a Medicinal Cannabis Licence (Cultivation), and two Manufacture Licences through its domestic medicinal cannabis subsidiaries THC Pharma and Candeo. THC Global has secured a significant cannabis growing capacity over multiple cultivation projects. and owns a licenced GMP ready high-volume bio-pharma extraction facility with attached testing and product development laboratory.

THC Global is in prime position to commence medicinal cannabis production to service both domestic patients and the global export market. THC Global is active globally with operations in Australia, New Zealand, and Canada and partnerships across Europe, Asia, and the Middle East. In addition to its core Australian medicinal cannabis assets, THC Global has a significant Canadian presence – both in cannabis and in hydroponics equipment. THC Global's Canadian cannabis operation, Vertical Canna, holds property in Nova Scotia, Canada being developed into a large scale cannabis production site. THC Global's hydroponics equipment division, Crystal Mountain, is a revenue generating manufacturer, wholesaler, and retailer of hydroponics equipment and supplies for cannabis cultivation.

Eden Farms

Eden Farms was established in 1983 at Highfields, Queensland. Eden Farms were the first suppliers of Continental Cucumber on the Eastern Coast of Australia. Our producing farm area spans approximately 12 hectares of greenhouses at the three locations in Bundaberg. Eden Farms have been market leaders in excess of two decades and dominates the marketplace in the supply of Continental Cucumbers through production innovation and efficiency. Eden Farms is proud to be a pioneer Fresh Food direct supplier to major food retailers since 1985 making the company one of the longest standing direct suppliers of any fruit and vegetable product in Australia.