



THC Global Group

ASX RELEASE (9 APRIL 2019)

THC Global April 2019 Briefing Note

THC Global Group Limited (THC Global or the **Company**) (ASX:THC) provides, in accordance with Listing Rule 3.17.1, a copy of the April 2019 Briefing Note which has been sent to shareholders of the Company today.

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THC Global Group Limited

ACN 614 508 039

- Global diversified vertically integrated cannabis company with multi-country presence
- Pharma-grade manufacturing capability in Queensland at large scale alcohol-ethanol cannabis extraction facility and GMP ready with AU\$35 million replacement value
- Queensland Cultivation Facility capabilities include strain R&D, cultivation and tissue culturing
- Imported product supply into Australia and New Zealand
- Northern NSW Facility once completed will produce a minimum 50,000 kg dried flower per annum – USDA organic certified site
- On-site product validation and testing lab at Queensland manufacturing facility to support formulation strategy for high-value cannabis product manufacturing
- Canadian cannabis facility to become Licenced Cultivator, Producer, and Seller with near term profitability expected
- Debt or hybrid funding expected for Canadian cannabis facility
- Highly scalable production capabilities particularly in manufacturing with expected min volume 120,000 kg oil per annum (equivalent to 12,000 kg active pharmaceutical ingredient)
- Expertise for full scale production
- Australian Office of Drug Control licenced and permitted Queensland Cultivation Facility for current operations
- Two manufacturing licences and permits for Queensland Manufacturing Extraction Facility and Queensland Cultivation Facility expected in near term
- Canadian hydroponics equipment business servicing the burgeoning Canadian cannabis cultivators market – retail and wholesale

Contact THC Global

For more information, please contact:

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A Global Diversified, Vertically Integrated, Cannabis Company

THC Global (ASX:THC) is an Australian listed diversified cannabis company with primary operations in Australia, New Zealand and Canada. THC Global's medicinal cannabis model is based on a vertically integrated 'Farm-to-Pharma' approach across research & development, cultivation and pharma-grade manufacturing. THC Global also operates a hydroponics equipment business based in Canada servicing North America and Europe.

Cannabis Production Assets – Industry Leading Capabilities

Manufacturing Facility & Product Development Lab (Queensland Australia)



The large scale manufacturing facility is capable of extracting pharmaceutical grade high purity Active Pharmaceutical Ingredient (API) from cannabis plant material using an alcohol/ethanol based process.

THC Global expects final licencing and permits to be received in the near term.

Capacity and Off-Takes: This facility will be capable of producing 120,000 kg of oil (12,000 kg API equivalent) annually allowing THC Global to potentially become a major exporter in addition to supplying to Australian patients. *Product off-take agreements in discussion with major global partners.*

Securing Plant Material:

The Australian cannabis licencing scheme requires growers to be in contract with a licenced manufacturer in order to be granted a permit to grow cannabis. THC Global intends to engage this domestic cannabis market to secure its target supply for large scale operations alongside the Company's current cultivation activities at its other Australian cannabis facilities.

On-site Product Development Lab: Having a cannabis testing laboratory on site allows THC Global to conduct product validation, and quality control tests in a quick, cost effective manner which is critical to ensuring the safety and quality of product from the site.



Strain R&D & Cultivation Facility (Queensland, Australia)

Primarily for cannabis strain research and development, plant tissue culturing, and cultivation, this facility is *fully licenced and permitted* by the Office of Drug Control. THC Global is also seeking a manufacturing licence for this site which is expected in the near term and will allow for additional manufacturing capacity. The facility has capacity to produce up to 850,000 plant clones per year of THC Global's proprietary cannabis strains which are high in active ingredients for extraction and are genetically suited for THC Global's greenhouse cultivation.

Cultivation Facility (Northern New South Wales, Australia)

A high-volume cultivation facility initially expected to produce 50,000 kg of dried flower annually, with later expansion planned. The site is USDA certified organic, which could allow the Company to enter the organic cannabis market. THC Global expects first commercial crops in 2019-20 from this facility.

Canadian Cannabis Production Facility (Nova Scotia, Canada)

Canadian project to become a Licenced Cultivator. The completed Stage 1 (Cultivation Stage) project will yield 37,000 kg dried flower annually. The initial Stage 1 facility will be a 20,000sqft site, with additional Stage 1 sites planned. Stage 2 (Manufacturing Stage) development of the site will add manufacturing capabilities and increase annual production volumes in addition to becoming a Licenced Processor and Seller as necessary. Near-term profitability is a strategic focus for the development. Debt or hybrid funding expected to be secured.

THC Global Group Structure

THC Global Group wholly owns a number of operating subsidiaries with specific focus areas and strategic directions – with the overarching business being a diversified, vertically integrated, cannabis company.



THC Pharma (Aus & NZ): Operations in Australia include management of the Manufacturing Facility and Product Validation Lab. Aiming to be a globally significant cannabis producer and exporter once facility in full operation.

Canndeo (Aus): Australian focussed medicinal cannabis business. Access to the largest Plant Breeders' Rights registered strain portfolio of cannabis. Strains are high in CBD (active ingredient for medicinal cannabis) and have been developed for high yield greenhouse production techniques.



**VERTICAL
CANNA**

Vertical Canna (Canada): Focussed on building a vertically integrated cannabis business in Canada through strategic acquisitions with near-term revenue and

profit generation expectations. Soon to be a Licenced Cultivator in Canada. Also exploring the now legal recreational market for investments.

Crystal Mountain (Canada & Europe): Hydroponics equipment, wholesaler, retailer and manufacturer, carrying over 600 different products. Following legislative changes in Canada, now seeking to attract micro-Licensed Cultivators seeking out-of-the-box solutions. Distribution agreements into Europe have been signed, with further distribution partnerships in negotiation. Holds a portfolio of 9 registered trademarks for hydroponics equipment.



Delivering Medicinal Cannabis to Patients

THC Global currently supplies medicinal cannabis products in Australia and is in the final stages of establishing supply into New Zealand. THC Global currently imports CBD oils from its European commercial partner, Endoca. Australian patient access is under the existing Special Access Schemes, and in New Zealand will be prescription-based with no special approvals required.



Global Reach

THC Global is seeking to take advantage of the unique position of having secured significant cannabis producing assets in Australia to enter the Asia Pacific market. The Company is in the process of securing major collaboration agreements in the region which will put THC Global in prime position to enter the Asian markets as legislation in respective nations are changed.

In addition to building direct market channels in the Asia Pacific region, THC Global has secured commercial partnerships across Europe, the Middle East and North America with commercialisation and sharing of intellectual property a key focus, in addition to exploring new market opportunities.

Through discussions and early negotiations with partners, *THC Global is also looking to secure off-take agreements* and potentially forward orders on bespoke production requests to underwrite expected revenue from production expected to be at full-scale post validation in 2020.

Near Term Outlook

- Receipt of final Australian cannabis licenses and permits enabling two manufacturing facilities and cultivation sites
- Developing better patient access to imported cannabis products in Australia and New Zealand
- First validation production from Manufacturing Facility leading to high-value profitable production of up to 120,000 kg oil (12,000 kg API equivalent) at full capacity
- Signing key off-take agreements for products and securing cannabis supply through domestic producer strategy

Senior Management Team

The Senior Management Team have significant experience in pharmaceuticals bio-technology, business development, financial management in addition to the cannabis sector.

Steven Xu	Chairman
Ken Charteris	Group CEO
Mark Fortugno	Group CFO
Dr Andrew Beehag	Cannabis Operations Lead
Jonathon Inkley	Canadian Business Development
Dr Michael Harrison	Pharma Manufacturing Lead

Corporate Information

Shares on Issue (ASX.THC)	128.77 million
Options on Issue (ASX.THCO)	57.16 million
Market Capitalisation (50c)	\$64.38 million
Top 20 Shareholders	36.16%
Number of Shareholders	6,261

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