



the **Hydroponics** company

www.thcl.com.au

ASX RELEASE (28 June 2018)

## Cannabis Strains Exchange with Canadian Licensed Producer

### Key Points:

- Exchange of cannabis strains with Canadian LP, Ascent Industries Corp. to expand THC's plant catalogue
- THC to supply pharmaceutical grade CBD product via Offtake Agreement to Ascent
- THC and Ascent to collaborate on development of CBD and THC based medicines
- Information exchange on medicinal cannabis market in Canada, Australia and other markets including cannabis extracts and their medicinal application
- Ascent is a leading licensed producer in Canada that was recently selected by Aurora Cannabis Inc to supply its unique cannabis strains

**The Hydroponics Company Limited** ("THC" or "the Company") is pleased to advise THC Pharma Pty Ltd, a wholly owned subsidiary of THC, has concluded a Letter of Intent (LOI) with Ascent Industries Corp (**Ascent**).

The LOI outlines the scope of cooperation between THC and Ascent through which the companies will share both cannabis product and knowledge to collaboratively grow their respective businesses.

Both THC and Ascent have proprietary strains of *Cannabis sativa* and will provide these strains to each other on a royalty free basis. This arrangement will provide THC with access to additional unique cannabis strains, which THC can grow, cultivate and utilise in its manufacture of medicinal cannabis at its Southport GMP certified facility in Queensland.

Organic growing will be possible at the organic certified land in northern New South Wales that THC proposes to lease (ASX: 3 May 2018).

The companies have agreed to negotiate an offtake agreement for THC to supply Ascent with medicinal cannabis products that it will produce at its biomanufacturing facility at Southport. The facility, formerly owned by international pharmaceutical company LEO Pharma, is one of the largest pharmaceutical botanicals extraction and refinement plants in the Southern Hemisphere (ASX: 26 April 2018).

The LOI also provides for collaboration in the development of CBD and THC based medicines and general knowledge exchange. Progression through to final agreements by THC and Ascent is subject to a number of conditions precedent including: generating financial return from any agreed joint development activities; successful due diligence by both parties; and agreement on terms. Whilst the LOI is non-binding it sets the framework and understandings for each party to progress to full form agreements.

THC's Chairman, Steven Xu commented, "We are pleased to progress our strategic relationship with Ascent Industries to further enhance the variety of our unique cannabis strains. Ascent is a leading Licensed Producer in Canada and through this collaboration with THC, both companies and their shareholders will benefit from significant synergies. THC continues to solidly build its plants catalogue to ensure that we have access to the best medicinal cannabis stock available."

Philip Campbell, CEO of Ascent stated, "We are very pleased to be engaged with THC Pharma, which is a terrific operator in the cannabis space. We look forward to developing our business through collaboration with THC and expanding our footprint globally to provide the highest quality products for patients and consumers in the medical and adult-use markets worldwide."



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**About THC** [www.thcl.com.au](http://www.thcl.com.au)

THC is at the forefront of developing a leading, diversified worldwide cannabis business, focusing on two core business units: Development and delivery of medicinal cannabis, and manufacturing and distribution of hydroponics equipment, materials and nutrients.

**About Ascent Industries Corp.** [ascentindustries.com](http://ascentindustries.com)

In Canada, Ascent (through its wholly-owned subsidiaries) is a Licenced Producer under the *Access to Cannabis for Medical Purposes Regulations* of Health Canada, with licences to cultivate cannabis and produce cannabis extracts. In addition, the Company is a Licenced Dealer under the *Controlled Drugs and Substances Act (Canada)*, with the ability to produce, package, sell, send, transport and distribute medically focused cannabis products in Canada to other licenced entities and internationally in jurisdictions where medical cannabis is legal. In the United States, the Company holds licences in a number of US States and in Europe, Agrima ApS, a Danish company and wholly-owned subsidiary of Ascent, has submitted licence applications for a Wholesaler Dealers Licence and Controlled Drug Licence in Denmark, and applications for the approval of eight products to the Danish Medical Cannabis Pilot Program.

The Company is increasing its cultivation and production capacity from 50,000 square feet to 710,000 square feet in 2018, from which it expects to produce significantly higher amounts of cannabis and cannabis oil to support its expanding operations. The Company offers a product suite of more than 40 unique products under several consumer-focused brands, including gel capsules, tinctures, medicinal oils, concentrates, vaporizer pens, pre-rolled joints, various edibles and raw flower.

Additionally, the Company conducts cannabis-based research with Simon Fraser University and the University of Kentucky, including in the area of unique cannabinoid formulations that produce targeted physiological outcomes.