



7 September 2017

## ASX Announcement

### Planting of First Cannabis Crop in Uruguay Underway

Plant-based health and wellbeing company **Algae.Tec Ltd** (the “Company” or “AEB”) (ASX: AEB) is pleased to confirm that planting of the first 10-acre (40,000m<sup>2</sup> or 4 hectares) cannabis crop in Uruguay has commenced (see Figure 1).

As previously advised, AEB has entered into a Collaboration and Licensing Agreement with Winter Garden Biosciences (“Winter Garden”) of Uruguay to grow, harvest, extract and sell these unique and valuable plants, seeds and oils to key global markets.

Under the terms of the Collaboration and Licensing Agreement, AEB's share of the revenue from this crop and future crops is 75%. Based on current market pricing for cannabis oil, seed extracts and fibre products, revenue from this first crop is expected to be between US\$6m-US\$8m (AEB's share: US\$4.5m-US\$6m) from product sales.

The open field in Uruguay is now being seeded with JDI 3.0 Sativa strain of cannabis. Seeding will utilise, subject to density, between two and ten kilos per acre. The current seed stockpile is sufficient for 100+ acres (See Figure 2 of JDI 3.0 Sativa strain seeds being utilised).

AEB is also pleased to confirm that planning for the installation of supplementary process equipment including irrigation, nutrient distribution, drying and extraction facilities has now been finalised – an important step to ensure a timely cultivation.

#### Commentary

**Winter Garden's Mr Julian Strauss said:** “This is an exciting advancement after more than a decade of establishing the company at the forefront of the medicinal cannabis sector. To have now commenced commercial growing of our proprietary genetics (JDI 3.0) and to be able in the near future to have both quantity and quality is a significant achievement.”

**Algae.Tec Ltd Managing Director, Peter Hatfull added:** “Algae. Tec is now on the brink of revenue generation through the commercialisation and subsequent sale of this first cannabis crop. As advised, if cultivation goes to plan, we expect sales to commence sometime in the quarter beginning April 2018.

“Through our Collaboration and Licensing Agreement with Winter Garden, we are now actively planning the scaling up of operations in Uruguay and will report on some key initiatives very shortly. We are grateful for the hard work and commitment from Winter Garden in reaching this key milestone and we have an excellent partnership in place.”

\* <https://www.cannabisbenchmarks.com/weekly-report>



**Figure 1: Site preparation work underway, Montevideo, Uruguay**



**Figure 2: JDI 3.0 genetic seeds being utilised**



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**About Algae.Tec Limited (ASX: AEB)**

Algae.Tec (ASX: AEB) is a specialist producer, focused on developing technology that captures waste carbon dioxide to produce commercial quantities of a range of plant derived products for supply to three key markets:

- Medicinal cannabis
- Algae-based nutraceuticals
- Animal feed and aquaculture markets