



ASX Announcement
9 September 2019

Memorandum of Understanding with Disruption Labs LLC

ECS Botanics Holdings Ltd (ASX: **ECS** or **Company**) is pleased to advise that it has signed a non-binding Memorandum of Understanding (**MOU**) with Disruption Labs LLC (**Disruption Labs**) focused on innovative cannabinoid (**CBD**) products and technologies.

Disruption Labs owns 100% of subsidiary Reset Bioscience LLC (**Reset**), a CBD company based in Austin, Texas which has developed a THC free organic hemp derived CBD product. Reset manufactures high quality hemp derived CBD dietary supplements, including a nano liposomal CBD product to improve bioavailability through increased absorption and better enduring of the digestion process.

Under the MOU, and subject to the legal restrictions referenced below, Disruption Labs has granted ECS an exclusive right to:

- (a) distribute, sell and import Reset's products and white label products produced by Reset into Australia; and
- (b) sell ECS white label products produced by Reset in the United States; and
- (c) sell ECS white label products produced by Reset in the Asia Pacific region.

Alex Keach, the Managing Director of ECS, commented:

"This is an exciting initiative for ECS. With its nanotechnology formulation, we view Reset's hemp derived CBD product as unique in a marketplace that is rapidly growing and highly attractive. With the potential ability for ECS to be US facing via a white label arrangement, we are very pleased to be working with Disruption Labs."



Reset's hemp derived CBD product available in two flavours



Current legislation in Australia does not permit the distribution, sale or import into Australia of CBD products to the general market, given its classification as a Schedule 4 drug. However, subject to export authorisation in the United States, and import authorisation in Australia, and subject to ECS obtaining (in the future) the necessary licences, it may be possible to import these products into Australia pursuant to the Australian Special Access Scheme. However, the legislative framework is uncertain and the parties would not conduct any such activities without obtaining the necessary authorisations and moving forward to a binding arrangement.

Accordingly, the purpose of the MOU is for ECS and Disruption Labs to form a preliminary business relationship, to investigate and exchange information to ensure ECS is best placed to take part in the opportunity to sell, distribute and import CBD products in Australia and the Asia Pacific region in the future (should the legal landscape become more favourable and in the event that ECS can obtain all the necessary licences and permits to meet the relevant legal requirements).

The term of the MOU is an initial 12 months with an option to extend for a further 12 months. Should the collaboration between ECS and Disruption Labs progress (and if all legal and licensing issues are overcome) and the parties are in a position to progress one or more of the outcomes under the MOU, the MOU contemplates more detailed agreements being entered into to address financial and technical contributions.

About Disruption Labs and Reset Bioscience

Disruption Labs is a science forward R&D and contract manufacturing lab that specializes in nano-particle applications, bio-enhancing and radically evolving next generation products in food & beverage, cosmetics and nutraceuticals.

Reset Bioscience is a 100% owned subsidiary of Disruption Labs LLC. RESET's commitment to science is pioneering research and innovation.

In a recent study, it found the proprietary nano-liposomal delivery RESET utilizes, enables faster absorption than leading CBD oils on the market. RESET Bioscience is the first company to publish absorption studies on a CBD product in a peer reviewed forum, which took place at the 2019 Cannabis Science Conference.

RESET's team of innovators will allow for continued research and new product development adding depth to the pipeline of products.



About ECS Botanics

ECS Botanics is an agribusiness and hemp food (wholesale and retail) company with its main operations conducted in Tasmania, Australia. ECS has the necessary licenses to cultivate, supply and manufacture industrial hemp in Tasmania as well as a grower license in Queensland. ECS holds Import and Export licenses with the Office of Drug Control (ODC) as well as having license applications pending with the ODC to cultivate and manufacture medicinal cannabis.

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