



NOVEMBER 2019 – AGM PRESENTATION

ASX:ECS

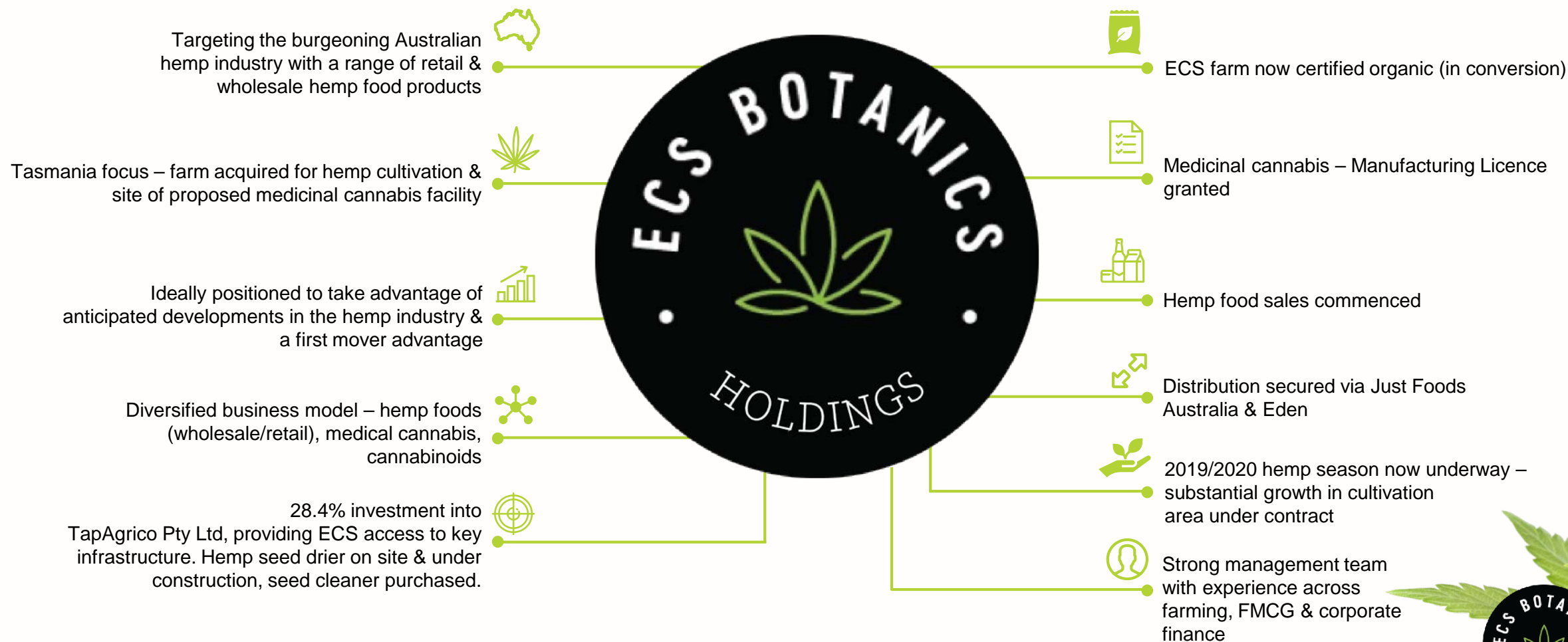
DISCLAIMER

“This Presentation may contain forward looking statements, opinions or estimates. Any forward looking statements, opinions or estimates contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of ECS, and may involve significant elements of subjective judgement and assumptions and contingencies as to future events which may or may not be correct which are subject to change without notice, as are statement about market and industry trends, which are based on interpretations of current market conditions. Those statements reflect views only as at the date of this Presentation. The actual results may differ materially from anticipated results, performance of achievement expressed, projected or implied by these forward looking statements. While ECS believes the statements in the Presentation are reasonable, neither ECS nor any other person gives any assurance or guarantee that the occurrence of the events expressed or implied in the Presentation will actually occur and investors are cautioned not to place undue reliance on those statements. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in this Presentation. Investors

should consider the forward looking statements contained in this Presentation in light of those disclosures. The forward looking statements are based on information available to ECS as at the date of this Presentation. Except as required by law or regulation (including the ASX Listing Rules), ECS accepts no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements”.



ECS BOTANICS OVERVIEW



CAPITAL STRUCTURE & BOARD OF DIRECTORS

CORPORATE SNAPSHOT

Share on issue	507.59m
Options	20.38m
Performance Rights	131.25m
Market Capitalisation	\$24.9m
Share Price (19/11/2019)	\$0.049
Cash (30/9/19)	\$5.3m

BOARD OF DIRECTORS

Alexander Keach	Managing Director
David McCredie	Non-Executive Chairman
Jeremy King	Non-Executive Director
Michael Nitsche	Non-Executive Director



HISTORY OF HEMP



Common staple (food, fibre, medicine) for thousands of years until the 1930s

In 1937, US Congress passed the Marihuana Tax Act which effectively began the era of hemp prohibition

Despite prohibition, in 1939 World War II demanded uniforms, cords, parachutes & durable materials the US lacked. By 1943 nearly 400,000 acres of hemp were cultivated for the war effort

In 1970, the industrial cultivation of hemp was banned under the USA Controlled Substances Act

“

Two of my favourite things are sitting on my front porch smoking a pipe of sweet hemp, and playing my Hohner harmonica.

”

Abraham Lincoln



2020 – New Zealand – referendum on whether to legalise Recreational Cannabis

2019 – Thailand removes hemp & low-THC cannabis extracts from list of banned narcotics

USA 2018 – Farm Bill signed, removing hemp & its extracts from the list of controlled substances, making it an ordinary agricultural commodity

2018 Canada – Recreational use legalised

Dec 2017 – World Health Organization (WHO) review supports use of cannabidiol (CBD), an active, non-psychoactive compound in the cannabis plant

2017 Australia – hemp foods legalised for sale

HEMP VS MARIJUANA

Hemp

Low THC

Hemp has less than 1% THC

Uses

Thousands of uses including food, medicine, skin-care, clothing, fuel, paper, building material, bio-plastic etc

Growing conditions

Predominately outdoors, grows up to 20 feet tall



VS

Marijuana

High THC

Contains up to 30% THC & has strong psychoactive effects

Uses

Medical & recreational purposes

Growing conditions

Mostly in controlled environment indoors



WHY HEMP – MEGA TREND & HIGHLY DISRUPTIVE

“Why use up forests which were centuries in the making and the mines which required ages to lay down, if we can get the equivalent of forest and mineral products in the annual growth of the hemp fields?”

Henry Ford, c. 1940

CURRENT SOCIAL CLIMATE



VEGAN BOOM



OPIOID ADDICTION



CHANGING LAWS



ENVIRONMENTAL FOCUS



HEMP PLANT USES



ESSENTIAL OILS



MEDICINES



FOOD



ROPE



BODY CARE PRODUCTS



LIVESTOCK FEED



PAPER



TEXTILES



SUPPLEMENTS



CONSTRUCTION



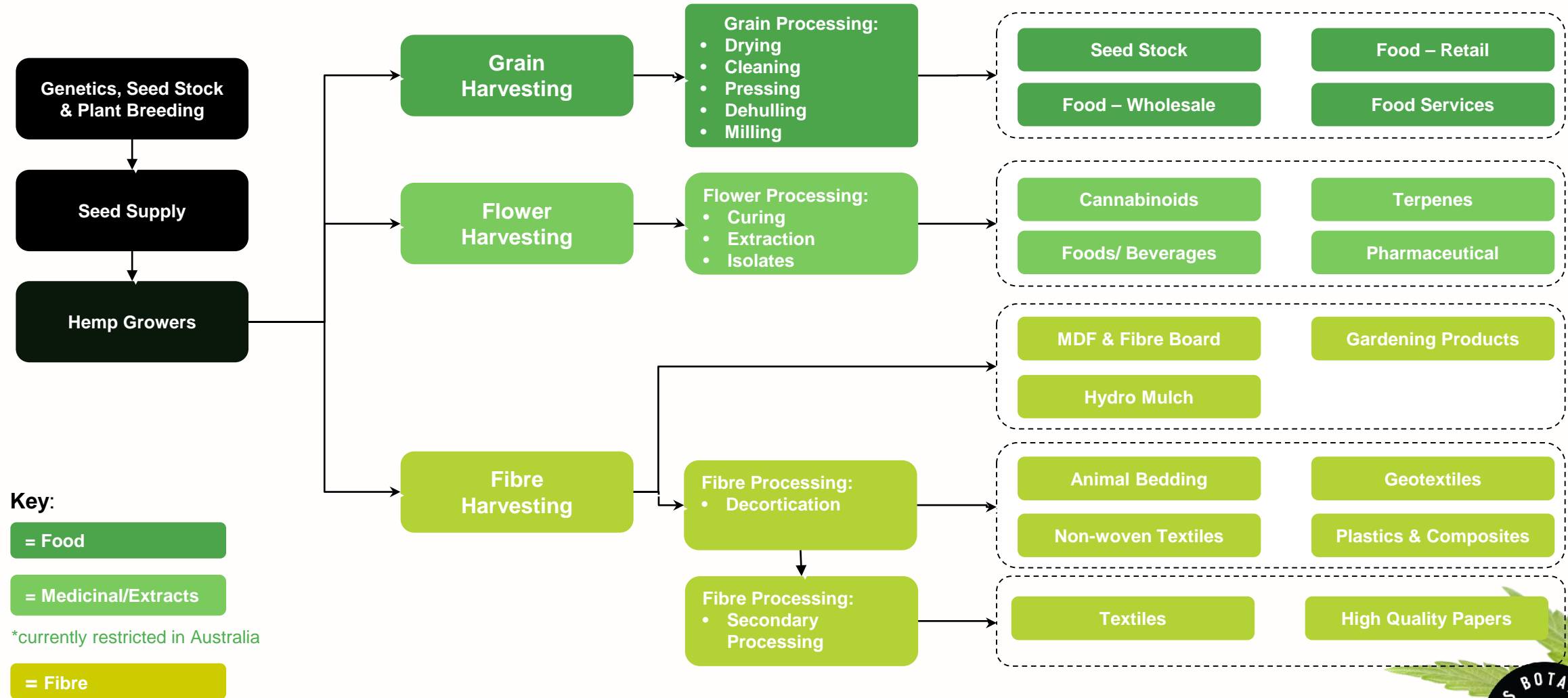
LIVESTOCK BEDDING



MOULDED PLASTIC



INDUSTRIAL HEMP – USES



MARKET OPPORTUNITY – GLOBAL STATS

"I don't know if hemp is going to save the world, but it's the only thing that can."

Activist Jack Herer "The Hemperor"

IT IS ESTIMATED THAT BY 2025:

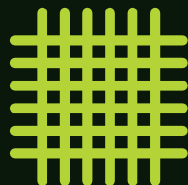


THE CBD MARKET
REACHES

**US\$20
BILLION**

HEMP FOOD
MARKET REACHES

**US\$4.6
BILLION**



FIBRE MARKET
REACHES

**US\$500
MILLION**

LEGAL CANNABIS
MARKET TO REACH

**US\$66.3
BILLION**



Hemp-based foods industry is expected to grow at a CAGR of ~24% in next three years¹

Plant based protein market forecasted to grow at a CAGR of 7% during next five years

Australia has the third fastest growing vegan market in the world, two million Australians are now meat free

Emergence of hemp as a superfood is a key demand growth driver, hemp is high in protein, rich in essential fatty & amino acids & is gluten free

¹ <https://www.technavio.com/report/global-food-global-hemp-based-foods-market-2016-2020>

AN INDUSTRY IN TRANSFORMATION – W.H.O RECOMMENDATIONS & AUSTRALIAN NARCOTIC DRUGS ACT REVIEW

The World Health Organisation (WHO) Expert Committee on Drug Dependence (ECDD) has played a central role in the international drug control system. Its main task is to carry out medical & scientific evaluations of the abuse liability of dependence-producing drugs falling within the terms of the 1961 Single Convention on Narcotic Drugs & the 1971 Convention on Psychotropic Substances. It then makes recommendations to the United Nations Commission on Narcotic Drugs on the control measures, if any, that it considers appropriate.

United Nations vote scheduled for March 2020

Cannabis and cannabis resin: remove from Schedule IV (keep in Schedule I) as it is not 'particularly harmful' (for example: use is not associated with a significant risk of death)

'Extracts and tincture': remove from the Conventions as it is a complicated term to interpret, covering preparations that have psychoactive properties as well as those that do not. Effectively this will be replaced by a new entry in Schedule III of the 1961 Convention referring to pharmaceutical preparation of cannabis that do not pose a risk to public health.

Delta-9-THC/dronabinol: delete from the 1971 Convention Schedule II and move to the 1961 Convention, Schedule I (with cannabis and cannabis resin). Previously considered a pharmaceutical preparation, it primarily refers to the main psychoactive component of cannabis. This will be a similar approach as for coca leaf/cocaine and opium/morphine.

THC isomers: delete from the 1971 Convention Schedule I and move to the 1961 Convention Schedule I, based on current knowledge

Cannabidiol (CBD): add a footnote that products containing predominantly CBD and not more than 0.2% Delta-9-THC are not under international control. They are explicitly excluded as there is no relevant risk to public health

26 recommendations, in principle agreement from Australian Health Minister Greg Hunt, reforms to be implemented 2020



Review of the Narcotic Drugs Act 1967

Final Report

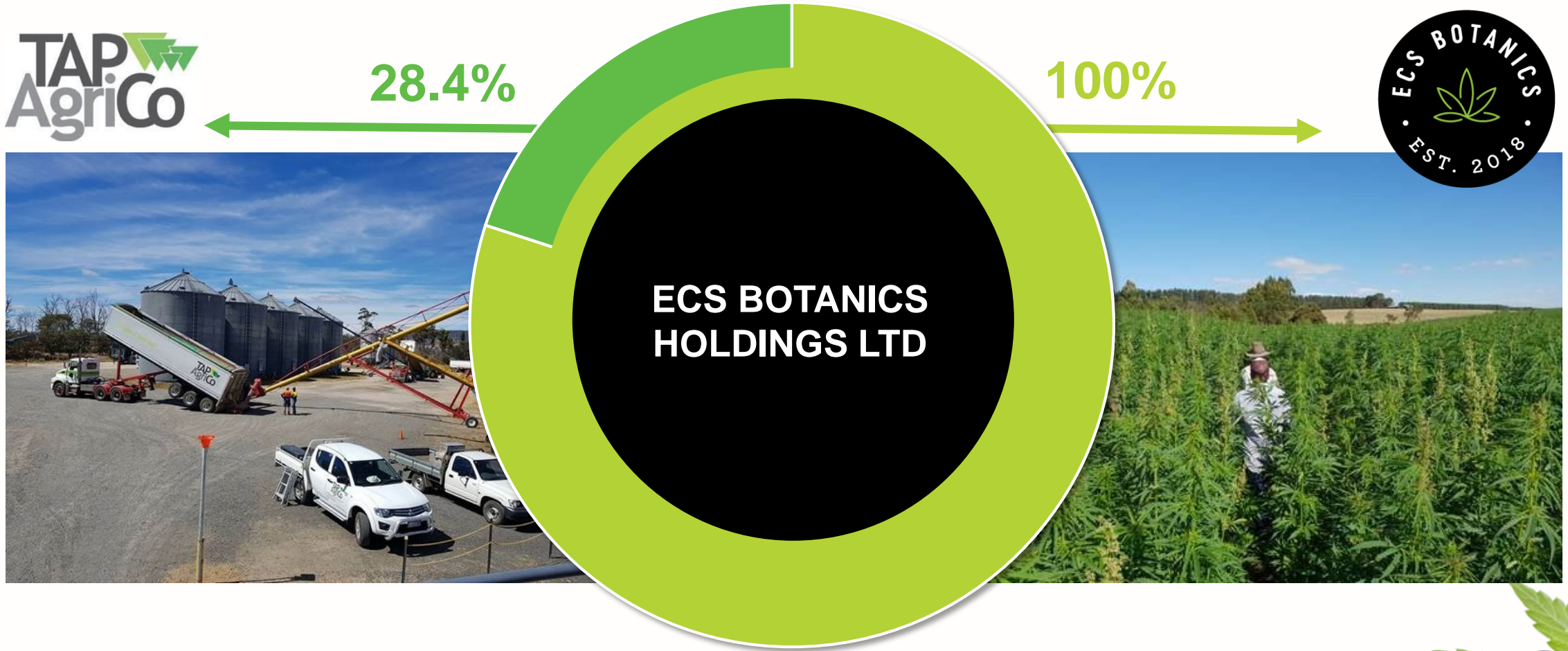
Professor John McMillan AO

10 July 2019

“We are confident such regulatory changes will hold numerous potential impacts for uses of hemp, hemp cultivation, CBD, export market access & size”



ECS BOTANICS COMPANY STRUCTURE



WHY TASMANIA?



Based on its history of producing high quality food & plant-based pharmaceuticals, Tasmania is the perfect location to support a burgeoning & evolving hemp industry

Australia's premier hemp hub – largest by hectares grown & yield per hectare

Supportive local government

Strong established relationships

Non-GMO state



Farms in Tasmania produce approximately 50% of the world's licit poppy straw that is later refined into opiates (previous owners being GSK and Johnson & Johnson)

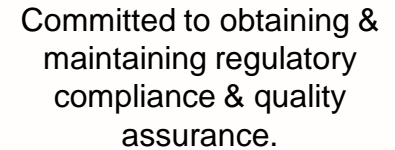
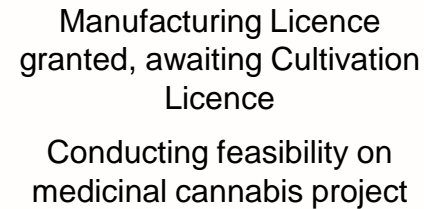
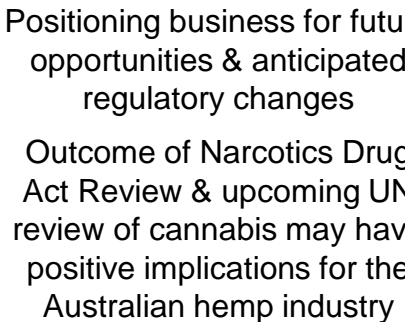
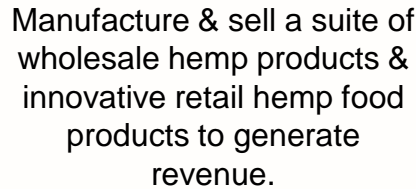
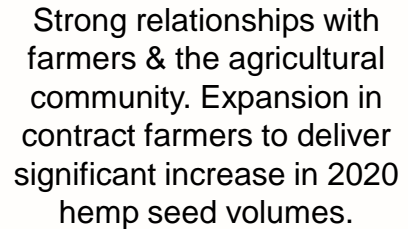
ECS is a Brand Tasmania partner

Clean green image (clean energy hydro generation, underpinned by the cleanest air & purest water)

Agricultural hub – key infrastructure & services nearby



as seen overseas).



Retail – bottled hemp seed oil & oil capsules, hemp heart pouches, curry sauces & soups, protein & protein mix

LICENSING

“OVER THE NEXT 20 YEARS THE TASMANIAN GOVERNMENT HAS SET A TARGET TO INCREASE RURAL VALUE TO \$10BN. THIS SECTOR WILL NEED TO GROW AT MORE THAN DOUBLE THE GROWTH RATE EXPERIENCED OVER THE PAST 20 YEARS.”

GRANTED

Tasmania – Industrial Hemp License for Commercial Purposes – Cultivate, Supply & Manufacture	Queensland – Industrial Hemp License for Commercial Purposes - Grower	National – Export License
Tasmania – Industrial Hemp License for Research Purposes – Cultivate, Supply & Manufacture	National – Import License	National – Manufacture of Medicinal Cannabis

UNDER APPLICATION

National – Cultivation of Medicinal Cannabis
--



RETAIL PRODUCTS



ECS RETAIL PRODUCT RANGE INCLUDES BOTTLED HEMP SEED OIL, OIL CAPSULES, HEMP HEART POUCHES, CURRY SAUCES, SOUPS, PROTEIN & PROTEIN MIX



WHOLESALE PRODUCTS

**ECS WHOLESALE
PRODUCT RANGE
INCLUDES HEMP
HEARTS, PROTEIN,
FLOUR & OIL**



HEMP FOOD – DISTRIBUTION & AGREEMENTS

ECS has established key relationships & agreements across numerous layers of the value chain

Using a simple distribution strategy (Eden & Just Foods) ECS has access to major & independent retail groups

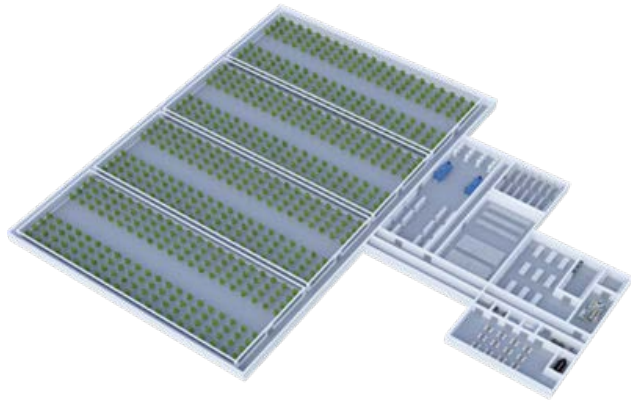


ecsbotanics.com.au



MEDICINAL CANNABIS

Proposed **medicinal cannabis facility** at ECS site in Tasmania



Regulatory progress with Office of Drug Control (ODC):

- **Manufacturing Licence – granted 8/11/19**
- Cultivation Licence – in application phase



Australian Government

Department of Health
Office of Drug Control

ECS has engaged **leading medicinal cannabis consultancy group PharmOut**, to assist with project feasibility, engineering etc

PharmOut



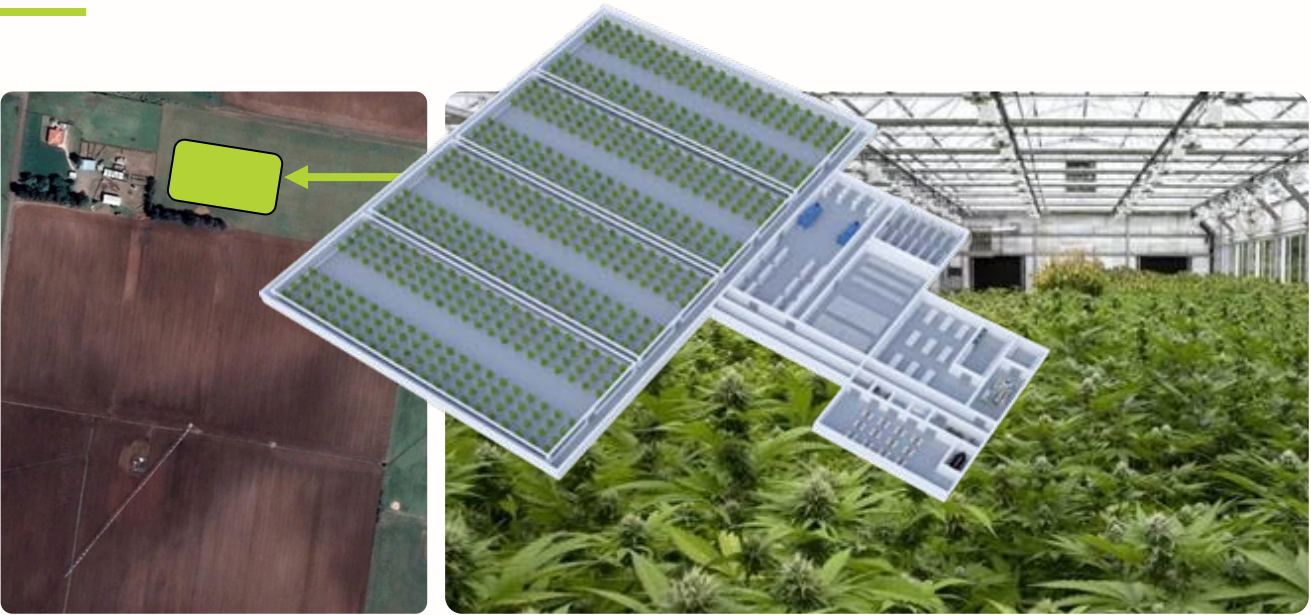
CBD STRATEGY

Long Term Aim: Supply organic, safe & trusted Australian manufactured cannabinoids to Europe & Asia, establishing ECS as the cannabis equivalent to Australia's vitamins, baby formula, food & beverage companies who have achieved similar export success

- Work in progress & staged approach
- Aim to distribute ECS Botanics branded CBD products overseas ie tinctures, capsules
- Manufactured in Australia
- 1st stage target – Medicinal Cannabis Australian Special Access Scheme & New Zealand patient access scheme
- Export market potential – Asia, Europe
- Supply chain & custody of goods critical
- E-commerce strategy for Asia and Europe
- Key relationships for development & implementation of strategy
 - MediPharm Labs – wholesale CBD supplier & contract manufacturer
 - Mile High Labs – wholesale CBD supplier
 - Mills Oakley – legal advisor



ECS FARM



Proposed site of 50,000ft²
Medical Cannabis Cultivation
and Manufacturing Facility



Manufacturing Licence
granted, Cultivation Licence
pending



70 acres of irrigated land for
commercial hemp cultivation & trials



Water security – 64ML water licence



Farm certified as organic
(in transition)

* Some pictures are for illustrative purposes only



ORGANIC HEMP



- ECS Farm now certified organic (in transition) by Southern Cross Certified
- Working with contract grower base to increase organic supply
- Expected to become Australia's first & largest organic hemp supplier
- Premium price for organic hemp
- Management expects significant demand for organic hemp food & CBD (subject to regulatory change)



TAP AGRICO



- 28.4% stake in TAP AgriCo
- Option to acquire further 6.2%
- TAP AgriCo processing ECS offtake
- Alvan Blanch hemp seed drier arrived on site – foundations laid (pictured lower right)
- Seed cleaner ordered



STRATEGIC COLLABORATIONS



- Significant shareholder in Food, Fibre & Land International
- Research & development, information sharing etc
- Plant varieties
- Leading edge agronomy in microbial bio-mineral science & fertilisers



- R&D & contract manufacturing lab
- THC free organic hemp nano-liposomal CBD product
- Potential for ECS to be US facing via white label arrangement



- Plant breeding
- Data sharing
- Sharing of any future plant breeder rights (PBR's) and seed bank



* Some pictures are for illustrative purposes only



CULTIVATION

“FARMING LOOKS MIGHTY EASY WHEN YOUR PLOW IS A PENCIL, AND YOU’RE A THOUSAND MILES FROM A FIELD”

-- US PRESIDENT DWIGHT D. EISENHOWER



The ECS team has the capability to deliver grassroots agriculture & scale accordingly



Planting season commenced

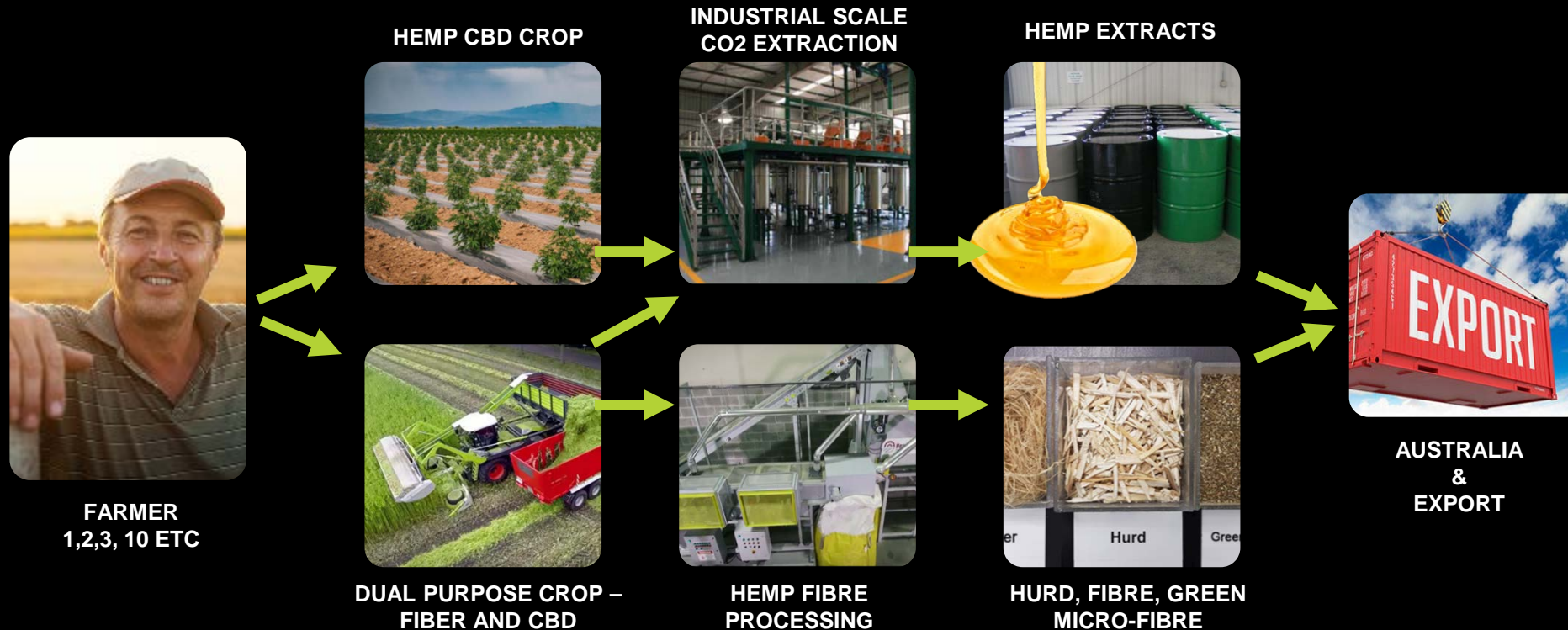
Significant increase in cultivation area

ECS property organic certification (in transition)



FUTURE OPPORTUNITIES – Targeting full plant utilisation & outdoor grow of CBD

* PLEASE NOTE THIS IS FORWARD LOOKING & NOT ALL FACETS ARE CURRENTLY LEGAL IN AUSTRALIA

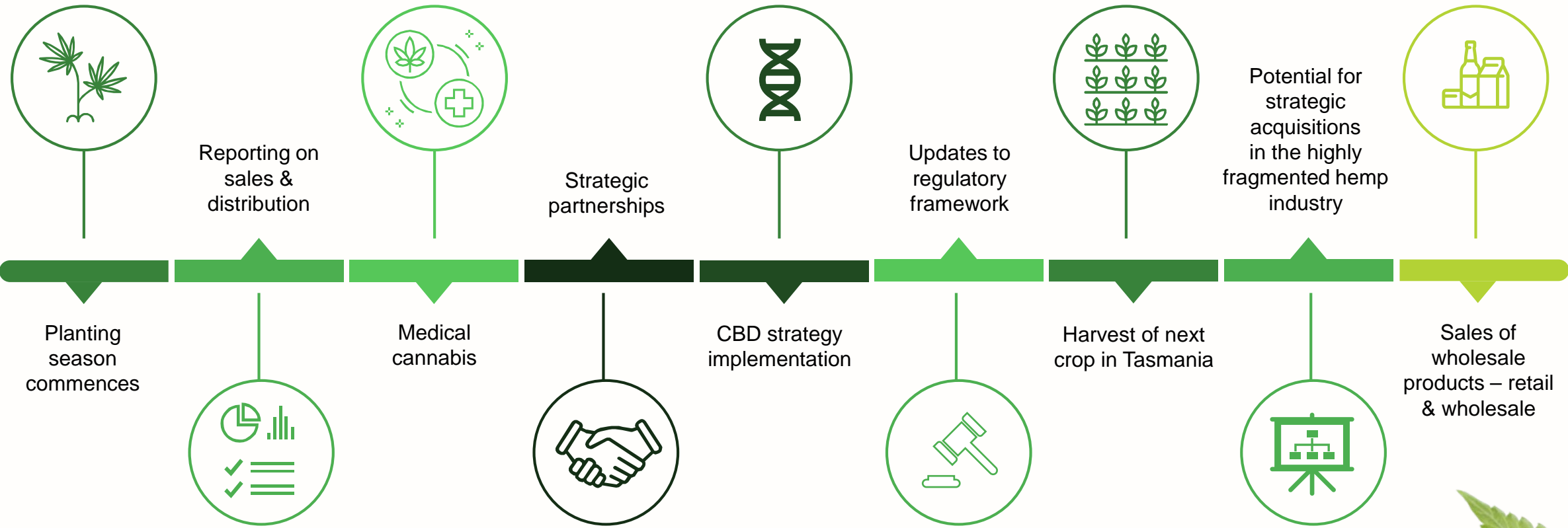


Future opportunities are reliant on industrial hemp being removed from the narcotics act &/or the United Nations changing its position on cannabis – this may have a flow on effect to federal & state based hemp legislation

“We welcome the review from Professor John McMillan AO of the Narcotics Drugs Act 1967. We see this as a step in the right direction for broadening the industrial hemp industry in Australia. Subject to regulatory change, ECS will aim to contract growers for large scale biomass (leaf & flowering heads) & processed by Licensed Manufactures only, much like the poppy industry.” – Alex Keach, ECS Founder & Managing Director



MILESTONES & NEWSFLOW



INVESTMENT SUMMARY



Participating in a rapidly growing market, ECS is becoming one of Australia's leading diversified cannabis companies



Hemp provides clear path to market – lower regulatory scrutiny than medicinal cannabis, lower capex to build revenue & shorter lead time to bring products to market



ECS management has a high degree of industrial hemp farming knowledge & proven capability, with a focus on Tasmania



Wholesale & retail product range targeting growing addressable market – sales commenced



Distribution agreements with Eden & Just Foods Australia for retail product range – ECS hemp oil to be stocked in 850 Woolworths stores



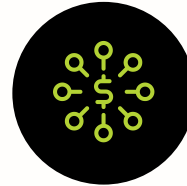
Strategic collaborations strengthening ECS position across R&D, breeding, commercial opportunities & more



Strategic investment into TapAgrico Pty Ltd providing ECS key assets & capabilities – hemp seed drier on site, seed cleaner ordered



Manufacture Licence granted by ODC – on track to becoming a leading end to end diversified cannabis company



Ideally positioned to take advantage of anticipated developments in the hemp industry & its fragmented nature



Management team has significant experience across farming, FMCG, finance & high growth companies





CONTACTS

Alexander Keach
Managing Director

alex@ecsbotanics.com.au

+61 419 323 059

Jason Hine
Chief Operations Officer

jason@ecsbotanics.com.au

+61 419 922 259