



Market and Media Release

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AFT and SETEK sign medicinal cannabis MoU

AFT Pharmaceuticals (NZX.AFT, ASX.AFP) and New Zealand medicinal cannabis company SETEK today announce they have signed a memorandum of understanding (MoU) to work together in the research, development and commercialisation of medicinal cannabis products.

The MoU seeks to combine, and take advantage of, AFT's expertise in pharmaceutical development, commercialisation and distribution and SETEK's expertise in cannabis cultivation and the extraction and processing of pharmaceutical grade cannabis compounds.

Earlier this year SETEK became the fourth New Zealand company to receive a license from the Ministry of Health to cultivate cannabis for scientific and medical research. It is developing a 100% organic cannabis propagation, cultivation, processing and manufacturing facility at Rotokawa, near Taupo.

AFT Pharmaceuticals Chief Executive Dr Hartley Atkinson said: "Medicinal cannabis represents a sunrise industry in New Zealand and is an obvious addition to our broad portfolio of prescription and over the counter medicines.

"SETEK is on track to become a leading New Zealand producer of medical cannabis and cannabis extracts. It has recently acquired a cannabis genetics company and is working towards the construction of a new, state-of-the-art medical cannabis facility that is due to commence production next year.

"These assets coupled with AFT's expertise in the commercialisation and distribution of pharmaceuticals have the potential to create a winning combination in New Zealand's emerging medicinal cannabis sector."

SETEK Chief Executive Mark Mees said: "We are delighted to have reached this cooperation agreement with AFT. Hartley and his team are recognised internationally for their capabilities in taking medicines through clinical trials, regulatory approvals and then successfully distributing and selling these products in New Zealand, Australia and further afield.

“This agreement envisages SETEK and AFT each playing to their strengths. We are looking forward immensely to working with AFT to bring our shared vision to life.”

The MoU envisages the two companies jointly:

- developing business models for the development, manufacture, formulation and obtaining regulatory approval (if applicable) for selling, marketing and distribution of products;
- endeavouring to discover new medicinal cannabis opportunities;
- sharing expertise, experience and know-how; and
- cooperating in other areas of common interest.

It also envisages SETEK managing the propagation, cultivation, extraction, processing and manufacture of any medicinal cannabis products emerging from the collaboration. It will also be the exclusive supplier of these products to AFT.

AFT will meanwhile conduct any clinical trials and manage regulatory approvals of any product and will be granted exclusive right to sales, marketing and distribution of the medicinal cannabis products in Australia and New Zealand. It will also be granted the right of first refusal to do the same in other territories around the world.

Commercial arrangements between AFT and Setek will be agreed as part of any contract that emerges from the MoU.

Investor Contact

Hartley Atkinson
CEO AFT Pharmaceuticals

Email: Hartley@aftpharm.com

Media Contact

Richard Inder
The Project
Phone: 021 645 643

richard@theproject.co.nz

The following high-res images can be downloaded at: www.aftpharm.com/news/

- AFT Chief Executive Dr Hartley Atkinson and Setek Chief Executive Mark Mees
- Concept drawings for Setek's planned facility in Taupo

About AFT Pharmaceuticals

AFT is a growing multinational pharmaceutical company that develops, markets and distributes a broad portfolio of pharmaceutical products across a wide range of therapeutic categories which are distributed across all major pharmaceutical distribution channels: over the counter (OTC), prescription and hospital. Our product portfolio comprises both proprietary and in-licensed products, and includes patented, branded and generic drugs. Our business model is to develop and in-license products for sale by our own dedicated sales teams in our home markets of Australia and New Zealand and in certain Southeast Asian markets, and to out-license our products to

local licensees and distributors in the rest of the world. For more information:
<https://www.aftpharm.com/>

About SETEK

SETEK is a leading New Zealand medicinal cannabis company which aims to cultivate, extract, process and sell pharmaceutical grade, 100 percent NZ certified organic medicinal cannabis extracts and medicines throughout the Asia Pacific region and beyond. It holds a license to cultivate a prohibited plant for research purposes, including the cultivation of high THC cultivars. The company recently purchased a 26-hectare greenfield site overlooking Lake Taupo to house its new facility, which is targeted to enter production in 2020 with an initial annual scaled production capacity of circa 17,000kg of dried flower for processing. SETEK recently acquired a cannabis genetics company and a horticultural LED lighting company, and seeks to become one of the world's first carbon neutral indoor cannabis operators. For more information:
<https://www.setek.co.nz>