



NSX Announcement

12 February 2018

Further LOI signed to purchase ECS Biosciences, Inc

NuCannaCo Science Limited (NSX:NCS) (the **Company** or **NCS**) is pleased to announce that as part of its recent endeavours to expand its operations, it has entered into a further legally binding letter of intent (**LOI**) to purchase Colorado based ECS Biosciences, Inc. (**ECS**).

Established in 2014, ECS markets and distributes a number of unique industrial hemp products and was one of the first movers in the industrial hemp marketplace. ECS' brands include Holy Grail (hemp infused water), Natural Origins and Baji Beauty skin care. The Holy Grail product in particular is sold through over 1,000 stores across the United States.

ECS is also focused on further research and development, including producing new technologies in water, natural foods, athletic performance and beauty products. Importantly, and in line with NCS' focus with its own product range, ECS' products do not contain or utilize "THC", "marijuana" or any extract, isolate or other substance derived from THC or marijuana in the manufacture of its products.

Edward Quiroz, Co-CEO of ECS stated "this merger will better position the company for long term sustainable growth within our vertical markets".

Jason Golec, Co-CEO of ECS stated, "this merger brings great enthusiasm for the future of the company".

David Goughnour, Managing Director of NuCannaCo stated, "the ECS products and dedicated sales force is a winning combination".

LOI Terms

Under the terms of the LOI, NCS has agreed to acquire 100% of the issued share capital in ECS (**ECS Acquisition**).

The key terms of the ECS Acquisition are as follows:

- (a) **ECS Acquisition terms**: Subject to Board and Shareholder approval and the completion of a successful capital raising, the Company agrees to:
 - (i) issue to the ECS shareholders 30,333,333 shares in NCS; and
 - (ii) issue the ECS shareholders 9,000,000 five-year options at an exercise price equal to the lesser of A\$0.40 per share or the issuing price of a public offering of NCS shares sold within the 6 month period of the closing of the Acquisition, and subject to an

earn-out formula to be defined in a three-year option earning plan indexed to the sales of ECS.

- (b) **Funding:** NCS also agreed to provide ECS with immediate funding in the amount of USD\$50,000 upon the signing of the LOI and an additional USD\$50,000 within 30 days for sales and marketing expenses. The loan was made to ECS by XeIGHT Labs, Inc. on behalf of NCS

The parties have agreed to undertake due diligence on one another and also formalise a definitive agreement by no later than 28 February 2018 setting out the terms of the Acquisition above and other terms typical for a transaction of this nature, including standard representations and warranties from both parties.

The ECS Acquisition is also subject to shareholder approval. The Company will prepare and distribute the required notice of meeting documentation to shareholders to approve the ECS Acquisition and the acquisition of XeIGHT Labs, Inc. (as announced on 23 January 2018) following the execution of the definitive agreement.

On behalf of the Board,

Jonathan W. Lindh
Company Secretary