



the **Hydroponics** company

www.thcl.com.au

ASX RELEASE (20th June)

SHAREHOLDER UPDATE IN RESPONSE TO SENATE VOTE ON MEDICINAL CANNABIS

Dear Shareholder,

I am pleased to report that The Hydroponics Company's (THC) wholly-owned subsidiary Candeo is well on track in its development of medicinal cannabis solutions for the Australian market.

The commercial environment for medicinal cannabis products is highly changeable. The recent vote in the Australian Senate (13 June) enables increased access to medicinal cannabis for terminally ill patients and is the latest example of a regulatory environment changing direction.

This regulatory shift enables medical practitioners to seek importation of unapproved medicines for terminally ill patients without obtaining approval in advance from the TGA. Since the Senate vote, Candeo has engaged with Phoenix Life Sciences to provide medicinal cannabis to meet this need.

Candeo is well positioned to respond to any requests by medical practitioners.

Our strategy to combine the establishment of local production with international alliancing, accessing some of the best products available in the world today, places Candeo in a highly advantageous position as the Australian market takes definition.

The strategic alliance between Candeo and Phoenix Life Sciences (<http://phoenix.life>) means that GMP produced, pharmaceutical quality medicinal cannabis products can be available in the near term for terminally ill patients in Australia. Subject to government approval, we aim to import medicinal cannabis products with targeted availability from Q4 2017, which dovetails neatly with this regulatory change and may enable earlier delivery.

Our engagement with the medical community is ongoing, and will be adjusted to incorporate current and future changes as they arise. Candeo is continuing to pursue establishment of Australian growing and manufacture operations with target delivery of Australian produced medicines in 2018.

We have had several engagements with the Office of Drug Control in our licence application. I am pleased to report that all requests for further information have been met. While the evaluation period is significantly extended beyond timeframes first suggested by ODC, I am confident that the licence will soon be granted.

On behalf of the THC team, thank you for your ongoing support and we look forward to providing further progress updates as we establish Candeo as a leader in the Australian medicinal cannabis market.

Alan Beasley

Chairman, The Hydroponics Company Limited



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About The Hydroponics Company www.thcl.com.au

The Hydroponics Company (ASX: THC) is at the forefront of developing a leading, diversified worldwide cannabis business, focused on three core business units: Development and delivery of medicinal cannabis, manufacturing and distribution of hydroponics equipment, materials and nutrients, and large scale hydroponic greenhouse design and construction. With +17 years of *Cannabis sativa* breeding, variety selection and growth management, THC is actively developing plant breeding technology to target multiple markets for high purity cannabidiol (CBD), a new class of medicinal product that can be used to target dementia, epilepsy and other neurological disorders.

About Canndeo Limited www.canndeo.com

Canndeo is a wholly-owned subsidiary of The Hydroponics Company (ASX: THC) that operates under a pharmaceutical model with a focus on the end-to-end supply of medicinal cannabis products. The Company has leading expertise in breeding, growth and extraction capability with a focus on the rapid introduction of medicinal cannabis products and applied for a Medicinal Cannabis Research License in February 2017. Canndeo leverages +17 years of *Cannabis sativa* breeding, variety selection and growth management. Canndeo will target multiple medical markets with high purity cannabidiol (CBD), a new class of medicinal product that can be used to target dementia, epilepsy and other neurological disorders.

About Phoenix Life Sciences www.phoenix.life

Phoenix Life Sciences, Inc. is a disruptive healthcare solutions company.

By combining new and existing research with state of the art production, Phoenix Life Sciences plans to distribute products around the globe that are designed to target and treat the following seven major categories of medical conditions: pain, cancer, anxiety, autoimmune, metabolic, neurological, and sleep disorders. These categories include conditions that affect hundreds of millions of patients worldwide.

Phoenix Life Sciences intends to build an integrated healthcare organization by creating products and programs that use emerging biological products, such as cannabinoids and other plant extracts. Phoenix Life Sciences delivers these programs through managed agriculture, pharmaceutical production and physician education and distribution networks.

Disclaimer Regarding Forward Looking Statements

This ASX announcement contains various forward-looking statements. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and factors which could cause actual values or results, performance or achievements to differ materially from the expectations described in such forward-looking statements.

THC does not give any assurance that the anticipated results, performance or achievements expressed or implied in those forward-looking statements will be achieved.