



the **Hydroponics** company

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ASX RELEASE (3 May 2018)

THC Secures Additional Site for Medicinal Cannabis Growth and Supply Agreements

Key Points:

- **Binding Term Sheet Executed with Meluka Health and Jenbrook – entities associated with EVE Investments Limited (ASX: EVE)**
- **THC secures rare USDA Certified Organic Site incorporating spring water resource**
- **Supply and off-take agreements to include supply of cannabis to Meluka Health and Tea-Tree Product Supply to THC under negotiation**
- **Potential product development opportunities upon securing of further medicinal cannabis growing capability**
- **Synergies with THC's earlier acquisition of one of the largest pharmaceutical botanicals extraction and refinement plants in the Southern Hemisphere**

The Hydroponics Company Limited (THC or the Company) advises that it has entered into a binding term sheet for the exclusive leasing rights of organic certified land in northern New South Wales which THC proposes to use for the growing of Medicinal Cannabis subject to necessary statutory and regulatory approvals. THC has also agreed to enter into an off-take agreement for the use of THC's medicinal cannabis in Meluka Honey products.

The binding term sheet is between THC, Jenbrook Pty Ltd (**Jenbrook**), and Meluka Health Pty Ltd (**Meluka Health**), a company 50% owned by EVE Investments Limited (ASX: **EVE**) (the **Term Sheet**).

The Term Sheet provides that THC, Jenbrook and Meluka will enter into three agreements subject to a 60 day due diligence window being:

- Medicinal cannabis supply agreement where THC will provide exclusive access to THC's medicinal cannabis for use by Meluka for its Meluka Honey production (the **Cannabis Off-Take Agreement**);
 - Tea Tree Extract supply agreement with Meluka for THC to access Meluka's extract product for use in development of new medicinal cannabis products (the **Tea Tree Extract Agreement**); and
 - Lease agreement with Jenbrook for the use of Jenbrook's northern NSW property for the growing of medicinal cannabis (the **Lease Agreement**).
- (together, the **Agreements**)

THC is required under the Agreements to fund the infrastructure necessary for the plantation of cannabis crops on the property including installation of necessary equipment for crop processing and the development of necessary intermediary processing facilities, subject to obtaining necessary licences and approvals.

When coupled with THC's earlier acquisition of one of the largest pharmaceutical botanical extraction and refinement plants in the Southern Hemisphere (ASX: 26 April 2018), THC will have access to both growing facilities and production capability to supply patients and study trials both in the domestic markets, and subject to necessary regulatory approvals, in the global export markets. THC continues to build its global supply chain, including consulting global partners on importation and exportation opportunities in the short to medium term.



Steven Xu, Chairman of THC commented:

“The execution of the Term Sheet by THC has the potential to give THC another low-cost growing facility offering high quality organic medicinal cannabis crops as well as potential synergies with the Meluka Health team to deliver new products to the market made with THC’s cannabis. With the acquisition of THC’s biomanufacturing facility last week, THC is now in a prime position for both expansion of its research program and to enter into production.”

THC will advise shareholders as negotiations progress under the binding Term Sheet. THC continues to look for further opportunities, both acquisitive and organic to drive growth in the Australian and global markets.

For further information, please contact:



Henry Kinstlinger
Joint Company Secretary
The Hydroponics Company Limited

Suite 305, Level 3, 35 Lime Street,
Sydney, NSW 2000 Australia

P: +61 2 9251 7177

E: henry.kinstlinger@thcl.com.au



Michael Lovesey
Director Corporate Media Relations
MMR Corporate Services Pty Ltd

Level 2, 131 Macquarie Street
Sydney, NSW 2000 Australia

P: +61 2 9251 7177

M: +61 449 607 636

E: michaell@mmrcorporate.com

About The Hydroponics Company Limited (ASX: THC)

THC is at the forefront of developing a leading, diversified worldwide cannabis business, focusing on two core business units: Development and delivery of medicinal cannabis, and manufacturing and distribution of hydroponics equipment, materials and nutrients.

About EVE Investments Limited (ASX: EVE)

EVE Investments is an Australian Securities Exchange investment company that invests in technology companies with a focus on the medical nutrition sector.

About Meluka Health Pty Ltd

Meluka Health is a wellness and nutrition company that develops and sells its naturally derived, organic and ecologically pure products created using its old growth Australian Melaleuca tea tree plantation which are acclaimed for their medicinal activity.