

ASX Announcement | 5 June 2019
Althea Group Holdings (ASX:AGH)

Althea granted Hemp Cultivation Licence - Enters exclusive agreement with Tissue Culture Australia

Investment Highlights:

- Althea has been granted a Hemp Cultivation Licence allowing the cultivation and processing of low-THC (Hemp) cannabis
- Althea has entered into an exclusive agreement with Tissue Culture Australia related to the development of tissue culture protocols for cannabis
- The Hemp Cultivation Licence also presents commercial opportunities for Althea in Hemp foods and Isolated-CBD markets including Europe and the USA

Wednesday 05 June 2019: **Global medicinal cannabis company Althea Group Holdings Limited (ASX:AGH) ('Althea' or 'the Company')** is pleased to announce its wholly owned subsidiary, Althea Company Pty Ltd has been granted an *Authority for Low-THC Cannabis* (**'Hemp Cultivation Licence'** or **'the Licence'**) for commercial purposes relating to non-therapeutic use, by Agriculture Victoria.

In parallel with obtaining the Licence, Althea has entered into an exclusive agreement with Australia's leading tissue culture laboratory, Tissue Culture Australia (**TCA**), whereby TCA will assist Althea in developing proprietary tissue culture protocols for cannabis plants.

Tissue culture has many advantages over traditional cannabis propagation in terms of yield size, disease resistance and superior control over genetics, and is rapidly becoming the preferred method for large-scale cannabis producers.

Althea Director of Cultivation, Daniel Mansfield said: "Being granted the Hemp Cultivation Licence allows us to obtain hands-on production experience with cannabis plants in a tissue culture laboratory environment, immediately. We envisage our own cultivation capabilities being up to 10% more productive utilizing tissue culture techniques, as it will allow us to remove the traditional mother stock and propagation areas from our forthcoming production facility which increases our flowering capacity. Being able to familiarise ourselves with the tissue culture processes now puts us in a stronger position for when our Victorian facility is commissioned in 2020."

Critical in the production of pharmaceutical-grade medicinal cannabis, tissue culture is also in demand with isolated-CBD (hemp) growers seeking large quantities of high-quality 'starting plants' for outdoor cultivation.

Althea CEO, Joshua Fegan said: "We see using Low-THC cannabis strains as an early opportunity for our cultivation experts to increase their practical knowledge of tissue culture protocols for the cannabis plant. Tissue culture allows for rapid multiplication of starter plants, meaning we will be able to reach capacity much faster than we could using traditional propagation methods at our Victorian production facility. The intellectual property we intend to develop presents great commercial opportunities for Althea in hemp food and Isolated-CBD markets also, where large

scale outdoor growers are beginning to use tissue culture starter plants as the source to plant out their crops. The uptake of non-therapeutic CBD products has been strong in Europe and the USA and consumers are beginning to ask questions about the source of the active ingredients going into these products. There is certainly a gap in the market for a supplier of high quality, pathogen free hemp plants derived from tissue culture.”

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Althea Group Holdings Limited (ASX:AGH)

Althea is an Australian licensed producer, supplier and exporter of pharmaceutical grade medicinal cannabis and is listed publicly on the Australian Securities Exchange (**ASX:AGH**). Althea also offers a range of education, access and management services to support eligible patients and healthcare professionals in navigating medicinal cannabis treatment pathways.

Althea currently operates within highly regulated medicinal cannabis markets including Australia and the United Kingdom, with plans to expand into emerging markets throughout Asia and Europe.

To learn more, please visit: www.althea.life

Tissue Culture Australia

Tissue Culture Australia is one of Australia's leading tissue culture laboratories, growing over 3.5 million tissue cultures annually for the commercial agriculture, land revegetation and ornamental horticulture sectors. Specialising in mass propagation of food crops, new release ornamental varieties and difficult to propagate native plant species for land re-vegetation projects.

To learn more, please visit: www.tissuecultureaustralia.com.au