

THC Global obtains licence for Australia's largest medicinal cannabis facility

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THC Global says its latest manufacturing licence positions the company as one of the most competitive cannabis producers in the global export market, with Southport production anticipated early next year.

Australian medicinal cannabis developer [THC Global \(ASX: THC\)](#) has been granted a second manufacturing licence, this time for its large Southport facility, making it the largest licenced bio-pharma extraction facility in the Southern Hemisphere.

The licence was granted to the company's wholly-owned subsidiary THC Pharma Pty Ltd by the Australian Office of Drug Control, which granted THC's [first manufacturing licence](#) to its subsidiary Canndeo a month ago.

THC chief executive officer Ken Charteris told *Small Caps* the significance of the latest licence grant is the fact that it is the only facility in Australia capable of producing Goods Manufactured Practice (GMP)-compliant active pharmaceutical ingredient (API) medicinal cannabis at this scale.

This paves the way for the company to be one of the most competitive cannabis producers in the global export market.

“This is the first time ever that a large extraction facility, which can produce API isolates at a level that’s never been seen before on this side of the world, [has been licenced] which opens up a cost-competitive nature and access to research and study trials and formulations here in Australia – not by some imported product or a small-scale research facility,” Mr Charteris said.

“This delivers a real clear pathway for the medical cannabis sector here in Australia to become international,” he said.

“We also have the ability to bring in high-level technical research from Europe, Canada and the US because we have a facility of such high level,” Mr Charteris added.

The competitive edge

He said THC’s peers are “four years behind”, which gives the company the competitive edge to export to Asia and Europe.

“To unleash this sort of GMP facility at this level – no one expected Australia would be in this position and we’re the proud owners. We’re the ones who have invested our time and energy,” Mr Charteris said.

He compared THC to some other medicinal cannabis companies which have invested significantly more capital but are still behind in the game.

“It’s a facility that’s already in place. It’s here – it’s not a PowerPoint; it’s not an aspiration.”

Mr Charteris noted another advantage for THC was that it is the “only company presently in Australia that has a dedicated compliance officer”.

“Anybody who can get licenced and permitted in this environment can operate globally,” he added.

“People keep on overlooking us – they can’t overlook us anymore,” Mr Charteris said.

Timeline to production

According to THC, product validation activities are expected to be completed by the end of this year with production anticipated in early 2020.

Mr Charteris said this validation includes calibrating all equipment and making sure they are aligned with GMP standards, conducting stability prep tests and running the APIs through the highest level of extraction to confirm they are GMP-compliant.

“Once we calibrate and validate everything, we’ll have base products available in small scale – a CBD oil for the Australian market straight away, and then our isolates ready for verification.”

“Once that’s done, it then leads into the full production and distribution,” Mr Charteris said.

THC has estimated an initial production capacity in excess of 12,000kg of GMP-compliant API isolates for the first year.

The company said it also expects to be able to further process these extracts into finished medicines such as oils, tinctures and capsules.

According to THC, the manufacturing licence also enables it to further expand its product formulation and development activities to develop new medicinal cannabis products, which are expected to drive medium-term revenue.

Clinical and study trials

According to THC, medicinal cannabis production from Southport is anticipated to be available for Australian clinical and study trials.

The company is also currently in talks regarding the export of production to Asia for use in foreign clinical and study trials.

In addition, THC has a partnership with Eve Investments (ASX: EVE), under which Eve has agreed to allow THC to grow cannabis at its tea tree plantation in New South Wales in exchange for access to the medicinal cannabis to incorporate into its products including Meluka Honey.

Eve also released a statement to the market this morning, saying THC’s Southport manufacturing licence enables it to undertake a larger research and development program for its cannabis honey products.

“The granting of a manufacture licence for the Southport manufacturing facility is another critical milestone in our R&D pathway for Meluka Health’s cannabis honey products as well as other potential opportunities with our tea tree extract,” Eve investment director Ben Rohr said.