



Thursday 19<sup>th</sup> May, 2022

**PERTH-BASED CANNAPONICS LTD SIGNS MEMORANDUM OF UNDERSTANDING  
WITH AVACARE HEALTH AUSTRALIA TO DEVELOP A  
PHARMACEUTICAL MANUFACTURING FACILITY IN COLLIE, WESTERN AUSTRALIA  
WITH VIEW TO SUPPLY ASIA AND AUSTRALIA  
'MOU Important Milestone for Cannaponics as it Secures Further Funding'**

**MEDIA RELEASE**

Collie-based [Cannaponics](#) – a cannabis cultivation, manufacturing and research company – and Perth-based [Avacare Health Australia](#) – a high-quality medical supply company – have signed a Memorandum of Understanding (MOU) to develop a pharmaceutical manufacturing facility at a Cannaponics-owned site, in Collie, Western Australia.

Under the agreement, Avacare Health Australia will operate, construct and fund a pharmaceutical manufacturing facility next to the already-established Cannaponics Ltd medicinal cannabis facility in Collie. Cannaponics Ltd will provide the land, power, water and security. Avacare is an integrated health group serving Australia and Asia in the distribution of pharmaceuticals, medical disposables, consumer health and medical equipment.

Avacare's international corporate head office is in South Africa, and generates A\$345m in world-wide revenues per year. Avacare distributes health care products, including cannabis-based products and the development of vaccines. Both companies have also agreed to investigate the research and development of hemp as a replacement for petroleum-based plastics and textiles needed to manufacture PPE and various medical devices. The MOU also provides for the opportunity for Avacare to distribute Cannaponics Ltd products around the world. The content of the MOU is conditional upon full regulatory approval that Cannaponics is governed and operates under local, state and federal authorities.

Commenting on the MOU, Cannaponics Managing Director Rod Zakostelsky said: "Cannaponics partnership with Avacare – a global and well-respected medical company – is an important milestone for our company, as we continue fund raising with the aim of launching a well-funded IPO on the Australian Securities Exchange in 2023. The Avacare partnership provides a global network in order for Cannaponics to distribute its future products."

Avacare Health Australia Director Raj Singh said: "Avacare is a medical supply company with decades of global experience in providing high-quality products in a range of medical goods. It has a large medicinal cannabis research and development facility already in Cape Town, South Africa. We are delighted to be able to partner with Cannaponics and look forward to building many more strong working partnerships in the medical supply community, in Western Australia. WA is ideally positioned to develop its medical industry and supply products throughout Asia and Australia."

Avacare Health Australia – a private Australian company which began trading in 2020 – is a subsidiary of the [Avacare Health Group](#). The group is headquartered in Mauritius and also manages a large operational office in South Africa. It manufactures a range of disposables, pharmaceuticals, devices and consumer health products. Avacare services and products are known for their high quality and, generally, the prices of the goods compare favourably to similar brands currently more well known in the Australian medical marketplace.



### **About Cannaponics**

[Cannaponics Limited](#) is a renewable resource, licensed producer of medicinal cannabis cultivation, manufacturing, and research company. Stage 1 will see Cannaponics build a 3,600sqm greenhouse along with a 2,000sqm EU GMP manufacture facility on its 165-acre freehold property in Collie WA. This will produce dried cannabis flower to be further processed into Cannaponics medicinal products. The whole project uses 100% renewable resources with Cannaponics subsidiary company, CannaEnergy, has constructed a 25,000 sqm solar and hydrogen gas turbine electrical power micro-grid, with advanced rainwater harvesting technology. The company has assembled a best-in-class team with business, agricultural, EU GMP manufacturing and commercialisation expertise, with a goal to develop pharmaceutical grade medicines for Australian and export markets.

#### **Background**

By 2027, the Australian medicinal cannabis market is forecasted to increase to \$1.2 billion, with Cannaponics aiming to claim a significant proportion of that market share.

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### **About Avacare Health Group**

[Avacare Health Group](#) operates more than 20 pharmaceutical and medical brands, including Afrigen Biologics & Vaccines, africare, avapharm, Avapro, Barrs Pharmaceuticals Industries, iMed Distributors, IMEDPRAC, westmed and medivision. While not yet well known in Australia, some of these brands are household names in Africa, the Middle East and India and the company's products are already used by millions of customers.

The Avacare Group, which was established in 1996 by Dr Vikram Naik, is now one of the largest suppliers of pharmaceuticals and medical devices in South Africa as well as throughout the African continent. Dr Naik, an anaesthesiologist, began his career in African hospitals where he realised that Africa requires the highest quality affordable medication and supplies. The company had a vision – to make a difference to all Africans, and that its products and services would be accessible in every part of Africa. The Avacare Group globally has more than 9000 products in its range, employs 1500 people and has an annual turnover of more than \$A345m.

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