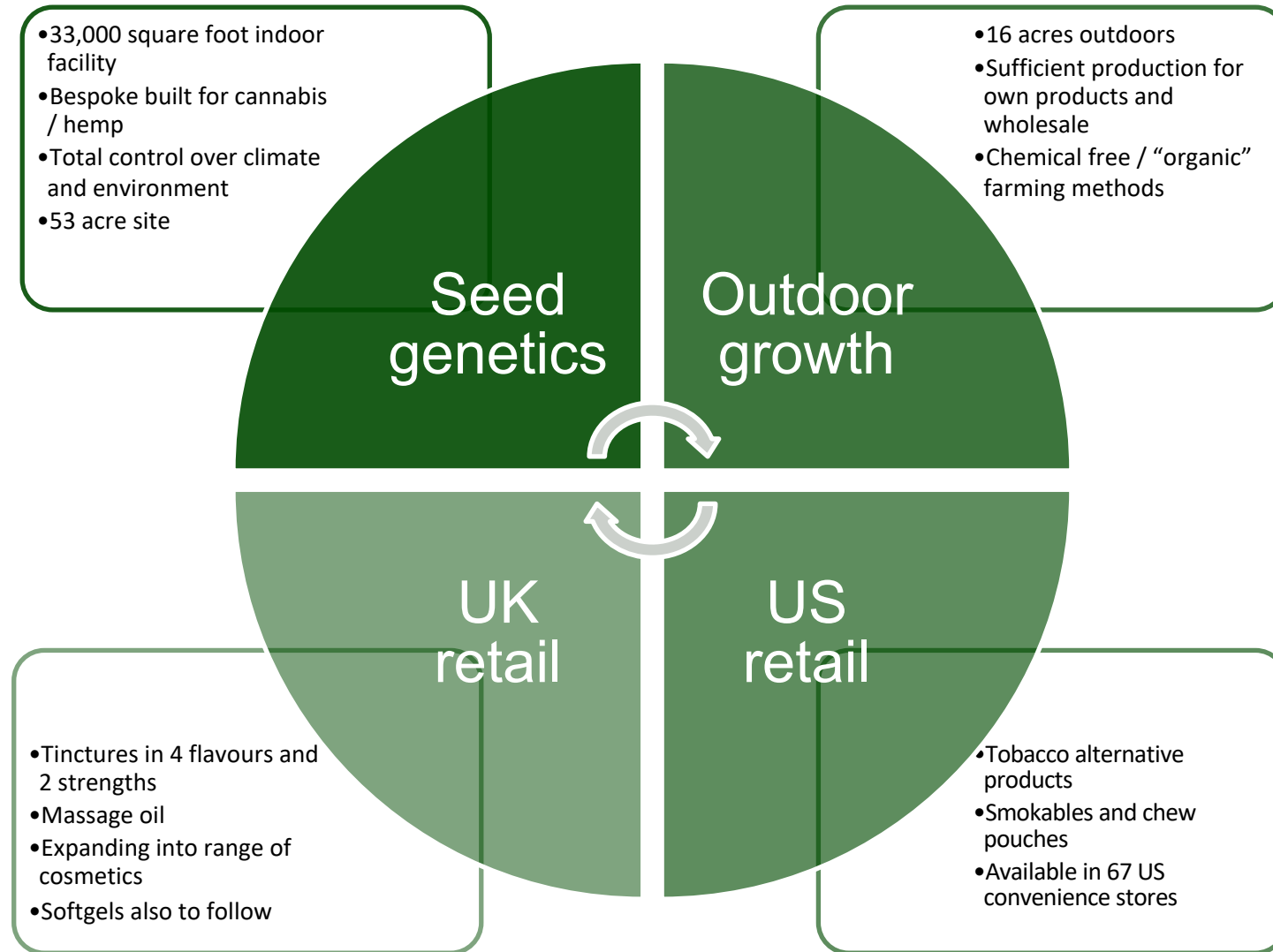


# Introduction to Zoetic International plc



November 2019

# Overview of Zoetic International plc



Revenue from natural resources has supported high growth CBD division

# From seed to shelf

Vertically integrated hemp genetics, growing, manufacturing and products



Genetics – Feminised Seeds

Growing & Manufacturing  
Operations

Two Retail Brands –  
Zoetic & Chill

*Higher margin*



*Middle ground likely to become  
increasingly commoditised*



*Higher margin*

Building a transparent and trusted brand

# The rise of CBD

- Fast growing industry presents numerous opportunities
  - Sales of CBD in the US are forecast to surpass **\$23bn** by 2023 (Brightfield Group)
  - **6m** people in the UK are using, or have used, CBD products (Times)
  - More popular than **Vitamin C** in the UK
  - UK market expected to rise from £300m today (Times) to **£16.5bn** in the next decade (Financial Times)



- In the UK, CBD products must be less than 0.2% THC and contain no more than 1mg of THC
- The range of available products is developing quickly
  - Oils, edibles, topicals, vapes, smokes, food & drink additives

# Feminised seed production

**33,000** sq ft state of the art indoor grow facility with capacity for up to **10,000** hemp plants at least **3** times per annum

Bespoke built for cannabis / hemp plants

Ability to control climate and environment

**4** bays each capable of growing up to **2,500** plants per season

Up to **500** seeds per plant

Target **1,000,000** seeds per month once we reach full capacity (approximately 6 months)

2019 wholesale price: **\$1** per seed (less quality control, logistics and seed broker fees)



**Only feminised seeds produce a commercial yield – premium prices paid**

# Outdoor growth

**16** acres in Palisade, Western Colorado

Around **2,500** plants per acre

Strictly organic farming methods only – no chemical pesticides or herbicides

Harvesting commenced in late September

Plants currently being dried

Option to sell some / all biomass wholesale or process it for our own use and sale as wholesale CBD isolate



**16 acres produces sufficient CBD for Zoetic's present needs**

# US retail CHILL

- Tobacco alternative products
  - Smokables – herbal cigarettes infused with CBD
  - Chew pouches – mint flavoured herbal pouch, with further flavours planned
- All products are tobacco-free, nicotine-free and THC-free
- Currently selling in 67 convenience stores in the US
  - Original distribution via Schrader Oil stores in Colorado
  - Expansion into new chains and additional US states
- Partnership with Mr. Checkout announced in early October
  - Established in 1989, featured on Shark Tank
  - Represents products in over 60 major retailers in the US and manages 13 industry associations with over 150,000 independent retail members
  - Pilot with 15 distributors underway
- Vapes removed from shelves for time being in light of current health concerns in US
  - Chill vapes do not contain any of the ingredients that have been alleged to be the cause of health problems but we have adopted a risk-free approach



**Tobacco-alternative herbal  
CBD pouches for chewing  
enthusiasts**



**Premium organic hemp  
flower or herbal THC-free  
cigarettes**

# UK retail

- Commenced sales in August via [www.zoetic.uk.com](http://www.zoetic.uk.com)
  - 4 flavours of CBD tinctures – melon, blood orange, peppermint and natural
  - 2 strengths – 500mg and 1,000mg
- All products are THC-free (0.0%)
- First distributor and first retail store signed up, ongoing conversations with major retail chains
- Two new product launches
  - Massage oil (eucalyptus and lavender, 100ml bottles with 250mg CBD) – October 2019
  - Softgels – in coming weeks
- Next phase is to bring out a line of cosmetics
  - Night cream, hand cream, lip balm, face serum
  - Bespoke manufactured and with a higher CBD content than competitors



# Developing sales channels

## Online retail

[www.zoetic.uk.com](http://www.zoetic.uk.com)

[www.thechillway.com](http://www.thechillway.com)

## Social media

Instagram and Twitter

## Specialist distribution

LeafyQuick stocking products in Chicago

Distribution to salons in Northern England

Commencing affiliate marketing programmes in UK and US

## Retail stores

67 convenience stores in the US

Ongoing discussions with retailers in UK

Pilot programme underway with Mr. Checkout

## Trade fairs

Hemp & CBD Expo – September 2019

Natural & Organic Products – April 2020

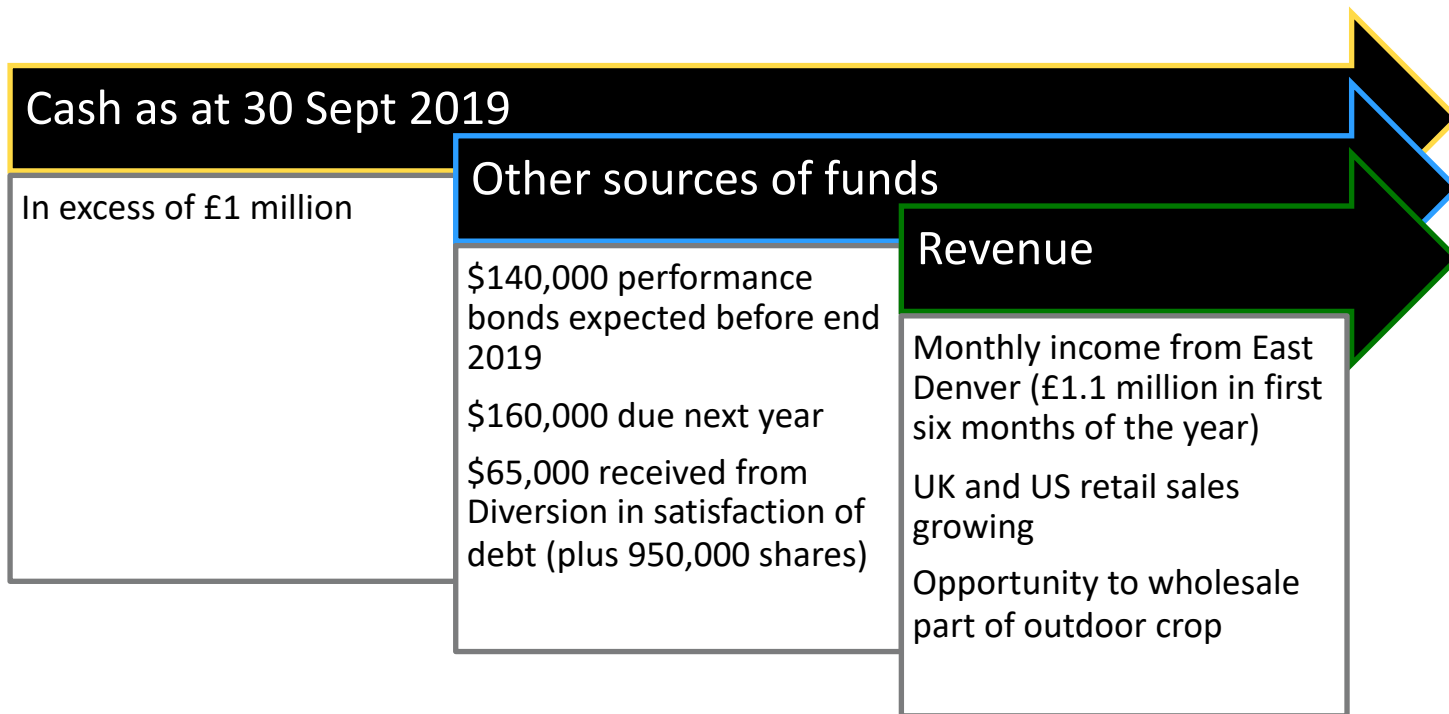
Pop-up events

## Media

Working with RKM Communications for product placement in magazines, newspapers, blogs etc



# Balance sheet



***Annual running costs down to £2.5 million following restructuring***

# Summary

- Rapid growth of CBD industry in US and Europe
  - Primary focus is now on developing CBD
- Zoetic is seeking to be a premium, not a volume, participant
- Multiple revenue streams across a vertically integrated strategy with regular newsflow in coming months
  - Sales
  - New products
  - Harvest
  - Seed production
- Planned sale / closure of natural resources division
  - Sale of East Denver expected to cover all outstanding liabilities
  - Surplus cash used to accelerate CBD operations
- Commenced trading in New York on OTCQB market on 12 November
  - No change to London listing
  - Facilitates easier trading for US shareholders and prospective investors
  - Zoetic was the first London Stock Exchange CBD company to trade on the OTC



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# Appendices



# Natural resources operations

## Colorado Shale



- 2 shale oil and gas projects with potential for additional projects
- 7.5% carried working interest in 8 wells in East Denver, generating £1.1 million revenue in H1
- Company's ~5,300-acre project West Denver bears numerous similarities to East Denver
- Patented anti well-bashing technology, DT Ultravert, successfully deployed on Permian basin in 2018 and Piceance basin in 2016

## Kansas Gas Resource



- First well capable of producing 2,500 Mcfpd of hydrogen-nitrogen gas
- Additional 24 wells potential on current 3,457 acres of leases in Western Kansas
- Free of hydrocarbons
- Pressure Swing Absorption Unit concentrating hydrogen-nitrogen gas mix

## Montana & Water Resources



- Wholly owned subsidiary to address water resource management problems for the shale oil and gas industry in North America
- Highlands has partnered with Epiphany Water Solutions to bring their modular water treatment units into mainstream use
- Montana project positioned to bring frack quality water to operators in the Powder River Basin

# Board and senior management



**Nick Tulloch**  
Chief Executive

- 20 years' investment banking experience, including being Highlands' financial adviser for 4 years
- Based in the UK and also supports the Company's investor relations strategy
- Experienced in cross border transactions and international financing
- Qualified lawyer



**Paul Mendell**  
Chairman

- Discovered Kansas Gas Resource
- Extensive experience as an exploration geologist and founder of oil and gas ventures in the Rockies
- Co-founder of AIM listed Iodine producer Iofina



**Eric Anderson**  
Senior Vice President

- A third generation Landman, Eric continues the legacy of oil and gas heritage of his family
- Experienced in business development, acquisitions and divestitures, and contract negotiations
- 10+ years experience in commercial advertising and branding with an emphasis in automotive industry



**Trevor Taylor**  
CSO

- Former CEO of District 8 overseeing all cannabis operations, strategic planning, execution and branding
- Experience includes merger and acquisitions with the Redstone Group
- Co-founded Old West Oilfield Services, which he later sold to MBI Energy Services, now owned by Cerberus Capital Management



**Antonio Russo**  
CRO

- Previously responsible for compliance, marketing, and public relations for a marijuana business with four retail locations and two grows totalling over 80,000 square feet
- Previously Vice Chair of the Board for the Medical Marijuana Industry Group

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