

MEDICINAL CANNABIS VENTURE PUTS DOWN ROOTS IN QUEENSLAND

INVESTMENT CASE STUDY | SEPTEMBER 2020

A rich farming region in southern Queensland has proved the perfect location for a Canadian company's extensive Australian operations. Asterion is building one of the world's biggest glasshouse projects to cultivate medicinal cannabis, with the aim of exporting up to A\$2 billion worth of products annually.

Vancouver-based Asterion Cannabis Inc. is developing the largest medicinal cannabis facility in the world on the outskirts of Toowoomba, a major service centre in a key agricultural zone.

The company's wholly owned Australian subsidiary – Asterion (Australia) Pty Ltd – plans to produce high quality, affordable, genetically uniform cannabis strains to service the flourishing global market for medicinal cannabis and cannabinoids (chemicals).

The move into Australia was set in motion by Stephen Van Deventer, Asterion Chairman and CEO. Van Deventer first worked with Australian partners in 2015 in a previous role with a Canadian biomedical company and liked the way business and research was conducted.

'Australia is a responsibly regulated western democracy with sound rules and transparent business practices,' says Van Deventer. 'Plus, the Government intends to make Australia an international leader in medicinal cannabis. For us, it was a logical choice.'

The perfect growth environment

As one of Australia's prime agricultural hubs, Toowoomba is a natural fit for Asterion, providing easy access to skilled workers, service providers and agribusiness suppliers. The temperate southern Queensland climate is an added incentive.



Cannabis buds for medicinal purposes.

'The Queensland Government welcomed us with open arms. They put together a steering committee. We meet every three months to talk about our progress. If we have any problems, they direct us to the people within government who can assist.'

Stephen Van Deventer, CEO, Asterion Cannabis Inc.

'It's very important that cannabis has 12 hours of sunlight and 12 hours of darkness,' explains Van Deventer. 'If you're further south or north you have to supplement light, or you have to black out everything. It's not cost-effective. On top of that, the temperature is relatively less variable. Whereas in Canada we can get to -30°C to +30°C in the summer so heating and cooling costs are through the roof. Toowoomba has a really good range and the humidity is great.'

Proximity to an international airport was also crucial as the company hopes to export A\$1-2 billion worth of products annually. The facility will be built on land near Toowoomba Wellcamp Airport. Prior to COVID-19, the airport was hosting more than 60 interstate, intrastate and international flights, including cargo-only services.

Asterion plans to tap into Australia's strong business ties and free trade agreements across the Asia-



Australian Government

Australian Trade and Investment Commission

Pacific region. 'Australia's economy is already very integrated with Asia,' says Van Deventer. 'Asian markets are opening up fast to medicinal cannabis, so it's great for us to have a gateway into Asia.'

Government backs business

Van Deventer has been impressed by the high level of support Asterion has received at the national, state and local level. The A\$400 million venture has been granted Major Project Status (MPS) by the Australian Government. MPS is awarded to projects deemed to have a significant impact on exports, jobs and industry development, particularly in rural and regional areas. This streamlined arrangement gives applicants with MPS priority access to medicinal cannabis licences through the Department of Health's Office of Drug Control.

A review of the *Narcotic Drugs Act 1967* simplified the administration of the medicinal cannabis scheme in Australia and removed impediments to developing the industry. The government is aiming for a single licence model with one application covering cultivation, production, manufacture and research.

The Queensland Government was quick to recognise the positives the investment could deliver.

'They welcomed us with open arms,' says Van Deventer. 'The Queensland Government put together a steering committee. We meet every three months to talk about our progress. If we have any problems, they direct us to the people within the government who can assist.'

'Austrade has been very good to us, too, opening up relationships in government, research institutes and the University of Queensland (UQ),' he says. 'They introduced us to UQ's Queensland Alliance for Agriculture and Food Innovation, which is ranked in the top five agricultural research institutions in the world. We now have a contract with them to do R&D for our plantation cultures.'

Strict protocols boost product appeal

In Australia, it is the responsibility of the Therapeutic Goods Administration (TGA), part of the Department of Health, to approve all prescription medicines, including medicinal cannabis, for supply.

Since its inception in 1989, the TGA has established a reputation for its rigorous appraisals, with several countries taking their lead from the agency.

Van Deventer considers this as another bonus for Asterion. 'The TGA is well respected around the world for its approvals,' he says. 'Its certification could make our products more desirable, for example, in the European market.'

An industry with growing potential

Australia's medicinal cannabis sector is still evolving, but Van Deventer sees that as a positive. 'In terms of medicinal cannabis, it's an emerging, new market,' he says. 'I'd say it's about three years behind Canada, and that's an advantage for us because by the time we are fully operational, things will be in full swing in the industry here.'

In Canada, more than one per cent of the population currently are medicinal cannabis patients. Asterion believes Australia will follow a similar course.

The company expects to break ground within four to six months, spend 18 months on the build and then spring into production. Once completed, the 75-hectare site will house 40 hectares of glasshouses and employ up to 1,500 people.

The operation will be powered by renewable energy and include extraction and processing equipment, as well as an R&D wing to create next-generation medicinal cannabis products.

'We're going to be planting 20,000 plants a day,' says Van Deventer, 'and will ultimately have an annual capacity in excess of 500,000 kilograms.'

Asterion will employ special plant tissue culture technology to eliminate the need for mother plants, increase efficiency, lower costs and yield disease-free plantlets.

Van Deventer says they will be able to extract more than 140 different cannabinoids from plants and process them into tinctures, oils, gel-caps, oral wafers, patches, creams, oral sprays or topical soluble gels. The main cannabinoids – delta-9-tetrahydrocannabinol (THC) and cannabidiol (CBD) – are used in medicines to treat a range of conditions, including cancer, seizures, multiple sclerosis, chronic pain, inflammation and diabetes.

About Austrade

The Australian Trade and Investment Commission (Austrade) is the Australian Government's international trade promotion and investment attraction agency.

We deliver quality trade and investment services to businesses to grow Australia's prosperity. We do this by generating and providing market information and insights, promoting Australian capability, and facilitating connections through our extensive global network.

Disclaimer: Whereas every effort has been made to ensure the information given in this document is accurate, Austrade does not provide warranty or accept liability for any loss arising from reliance on such information. © Commonwealth of Australia 2020