

## CanbiGold unlocks R1bn foreign direct investment deal

By Dominic Preuss and Helmo Preuss

CanbiGold, a Cape Town based company, has negotiated a foreign direct investment deal with an American investment for R 1 billion over five years, as it unlocks the investment prospects that the medicinal cannabis industry has to offer. The investment is to build and operate 100 modular container greenhouse they call 'Super Fortresses' at their Maseru Lesotho operation that has been designated as a Special Economic Zone SEZ that receives a tax allowance.

The deal was negotiated at the Cannabis Expo in Sandton in November between Koomo Capital a US investor, Canngea, an Australian company that has entered into an off-take agreement of the flower produced by CanbiGold's greenhouses that they will build and operate for Koomo Capital.

"The initial deal was for 20 greenhouses because there was no market for such a large quantity of product. However now with Canngea's off take agreement, the investment has increased to 100 containers at a cost of R 10 million each," Leon van de Linder, CEO of CanbiGold said.

The investment will further boost the regulated cannabis industry in South Africa as provincial economic development agencies in the Eastern Cape and KwaZulu-Natal see the industry as a way of boosting employment. The foreign direct investment will also go hand in hand with the creation of cannabidiol (CBD) products that CanbiGold has patented.

Canngea's Australian facility will extract the CBD and Tetrahydrocannabinol (THC), from the flower and manufacture white label products that they intend to distribute in Australia, the European Union (EU), the United States (US) and Canada.

"We have a high tech 11 000 square meter facility in Australia that has GMP [Good Manufacturing Practices] and TGA [Therapeutic Goods Administration] approvals. That means we can meet the requirements for export to Canada and the EU." Martin Bryden, the CCO at Canngea, said.

"We are a business-to-business (B2B) company that develops engineered cannabis strains with specific CBD to THC ratios embedded into their DNA, for a variety of medicinal products. The designer cannabis' clones are then grown, extracted and manufactured into products for our clients. Our facility also has everything needed to meet the labelling and packaging requirements to distribute in the EU, Australia and Canada," Bryden added.

CanbiGold will be building a nursery that will grow the designer clones from Canngea at their Maseru location. The nursery will provide clones to the fortresses and the flowers will be then exported to Australia for extraction. The nursery will be built out of the containers that are used to transport the Fortresses in. The 'Fortress' greenhouse is a flatpack modular structure that can be assembled and disassembled on their sites. The 'Fortresses' have LED lighting, air scrubs with pumped in CO2 and controlled water and nutrient supplies. The plants are grown in hydroponic trays, which prevent fungi from infecting the roots and is water efficient, which is needed in Lesotho's water-stressed environment. CanbiGold will further invest in the entire value chain, of cannabis cultivation, from the

fertilizer for which they are building a new facility to secure production, as well as disinfectants, and a plant for the extraction of CBA and THC for their own vapes and edibles.

CanbiGolds grows medicinal cannabis at multiple sites in Lesotho and are expanding their operation into Gauteng. They will be opening an office in Sandton to oversee and coordinate their Gauteng operations. March next year a site in Benoni south of Johannesburg will start operating with a new cultivation licence in a joint venture with Dr Mike Renda. Dr Renda and CanbiGold will use this facility as a research and development (R&D) centre that will research how to optimize the yield of the plants. The methodologies development at the Benoni site will be deployed at their other operations to improve the yield of all the container greenhouses that CanbiGold will be operating. This will be coupled with a partnership with the Michigan University in the US, to do further R&D on cannabis cultivation.

The R&D for CanbiGold is already starting to pay off as they have patented worldwide a CBD infused tampon.

“We have also joined into a joint venture with FoxyPink to manufacture a CBD-infused tampon. The tampon’s cotton is sourced from Israel and the CBD is injected into the inner core of the tampon. When the tampon comes into contact with bodily fluids, it pops up and is passively ready for absorption. These tampons are meant to relieve menstrual pain and cramps,” Van de Linder concluded.