

# Zoetic International plc

03:01 01 Jul 2019

## Highlands Natural Resources to start selling CBD in the UK

Highlands Natural Resources PLC (LON:HNR) is to start selling its cannabidiol (CBD) products in the UK in July - the same time as it begins US sales.

The oil and gas company, which expanded into cannabis in March, said the first product lines to be sold in the UK will be CBD tinctures available in natural, peppermint, melon and blood orange flavours at strengths of 500mg or 1,000mg.

The group is in talks with a specialist distributor that has access to retail stores in the UK.

**WATCH:** Highlands Natural Resources showcases CBD products ahead of UK launch

Tinctures are made by infusing cannabis flowers in alcohol, most of which is then boiled off, to produce a potent liquid.

Highlands said the CBD products will become available in the UK at the same time as they go on sale in the US, opening up revenue streams from two markets.

### US retail distribution

Last month Highlands announced that it had launched a CBD brand called Chill, which includes hemp flower and CBD infused herbal smokables. The first shipment of products was due to start in the US the week beginning June 17.

The products were to be sold in 18 Schrader Oil petrol stations in the US and on the Chill website but Highlands now expects 26 stores to stock the brand.

The company said the Chill smokables should be available in all stores this week and the initial delivery of products has now been invoiced.

Highlands secured its first retail distribution and sales agreement with Schrader Oil in May, a month after launching its cannabis business Zoetic Organics.

Zoetic has also reached agreement with LeafyQuick, a specialist Chicago-based online retailer of CBD products.

LeafyQuick, which ships across the US and offers same day delivery in Chicago, will stock products from both the Chill and Zoetic ranges.

Chilli vapes are expected to be available in the US by the end of July and chew packs shortly thereafter, Highlands said.

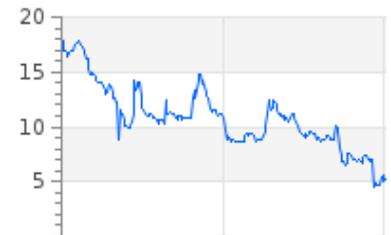
### Oil wells resume production

The group has also made progress with its oil and gas operations in East Denver. Two wells that were taken offline for workovers in June have resumed production.

**Price:** £0.05

**Market Cap:** £7.1 m

### 1 Year Share Price Graph



September 2018 March 2019 September 2019

### Share Information

**Code:** ZOE

**Listing:** LSE

<b>52 week</b>	<b>High</b>	<b>Low</b>
	17.9	4.2

**Sector:** Cannabis

**Website:** zoeticinternational.com

### Company Synopsis:

*Zoetic's strategy is to develop a portfolio of projects whereby approximately 80% of projects generate secure and sustainable revenue while the other projects demonstrate the potential for exciting capital appreciation. This strategic objective is well advanced and we are generating revenue.*

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However, the work means production in June was lower than anticipated and Highlands expects further disruption in July while the operator installs artificial lifting on the remaining four wells.

Highlands added that operating costs over recent months at the site have been higher than initially forecast, largely due to the workovers. But these costs are largely one-off in nature and not expected to continue with future monthly costs to be "considerably reduced", the group said.

Highlands said the cashflow from East Denver was not enough to cover overheads during the past two months but the return to production of all wells and reduced operating costs going forward mean the project's financials will recover.

It added that it is "comfortable" that East Denver will continue to be a "significant contributor of cashflow to the company for some time".

In June production at East Denver averaged 2,000 barrels of oil per day and approximately 4.9mIn cubic feet per day.

Robert Price, executive chairman and chief executive of Highlands, said: "Since we established Zoetic, it has been our stated ambition to commence product sales in the US. We are therefore delighted that this has accelerated beyond expectations and to have opened up new opportunities in a new market at the same time."

He added: "East Denver has also remained a very valuable source of revenue for Highlands. Zoetic, however, will become an increasingly important part of the business as we move forward."

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