

30 July 2019

EVE INVESTMENTS QUARTERLY UPDATE FOR THE PERIOD ENDING 30 JUNE

Highlights

- Jenbrook has recently had its Robyndale and Jendale plantations professionally valued with a combined valuation of \$6m placed on the properties
- EVE announces commitments for a \$750,000 placement at 0.5 cents, lead managed by Red Leaf Securities
- Director and management participation of \$150,000 subject to shareholder approval
- Unaudited revenue for the June quarter in EVE businesses and Naturally Australian Products (NAP)(49% EVE) was \$0.8m
- THC Global has agreed to work jointly on R&D of new Meluka Health product lines at their sophisticated research facility in Southport, QLD
- THC Global cultivation licence application under assessment, following the lease of a portion of EVE's organic farm in Northern NSW
- Meluka Honey has appointed US broker Runner Boy Heath to represent its brand in Virginia, West Virginia, North and South Carolina
- New distributor added in Queensland with first order for Meluka Honey product range received

EVE Investments (ASX:EVE), an ASX listed Health, Nutrition and Wellness company, has today released its Appendix 4C Report for the three month period to 30 June 2019 and is pleased to provide a review of its progress for the quarter.

Operational Progress

Meluka Honey

During the quarter the company continued progressing its collaboration with THC Global. Its agreements, which encompass a site lease, tea-tree off-take, and cannabis off-take, are directed towards the organic farming operations of THC Global as well as the development of novel tea-tree and cannabis products by both THC Global and EVE.

Medicinal cannabis farming operations on EVE properties

As announced to the market on 24 July 2018, THC Global has leased 60,000m² (15 acres) of organic farmland from EVE for growing medicinal cannabis. The currently leased land is the subject of a medicinal cannabis cultivation licence lodged by THC Global last year, which has now progressed to "assessment phase" by the Australian Office of Drug Control (ODC) and is expected to be received this year. Receipt of this licence will allow for the first part of the extended project to commence which is expected to deliver biomass for production at THC Global's biopharmaceutical manufacturing facility as well as for supply to EVE under the previously announced Cannabis Off-Take Agreement.

THC Global has confirmed its binding intention with EVE to lease additional land on EVE's Robyndale property to bring the total leased land for THC's Northern NSW cannabis cultivation site up to a potential 150,000m² (37 acres). The lease is subject to THC Global confirming that the additional land is suitable for lodgement of a cultivation licence application with the ODC. The land is not required for EVE's existing or future tea tree operations.

New Product R&D and Distribution

THC Global has provided extraction of tea-tree product for Meluka Health's R&D program at their Southport facility in South East Queensland. A variety of extracts have now been produced from the leaf of EVE's old growth melaleuca plantation which will form the basis of many of Meluka Honey's new products. The advanced technology available at THC's Southport facility for botanical extractions is assisting EVE in advancing the pathway to market for its tea tree honey-based products.

Product Development Update

Tea Tree Botanical Extract Update

Meluka Honey are making progress on a new organic tea tree extraction process to be super critically infused into its honey range. The new extraction process aims to provide a more concentrated aqueous extract that can be utilised in Meluka's products in a more flexible manner than the current process. Once this R&D program is complete Meluka Honey will potentially be able to incorporate a potent antibacterial tea tree extract into many of its planned organic products.

Bio-fermented Honey Drink with Probiotics

Meluka Honey is working with a Queensland based probiotics company to refine the current organic concentrated bio-fermented honey drink into a Ready-to-Drink (RTD) version of the product. The RTD version of the drink will help Meluka Honey meet the demands from its distribution network.

Marketing

In early June, Meluka Honey attended the Naturally Good Expo in Sydney, Australia. Naturally Good Expo is the only expo in Australia that solely focuses on all things healthy, organic and natural and the primary target for the exhibition is distributors and retailers.

Meluka Honey's products were well received and a number of additional stockists have been added. Separately, a new distributor for the Queensland market, Fitness Products, has been added to the Meluka Honey distribution network. Fitness Products has been a leading distributor in Queensland for over 30 years and has 300 health food retailers in its network. Commencing distribution with an established, reputable and ideal distribution network such as Fitness Products assists Meluka Honey in building its brand in Australia and aligns it with channels that will position the brand as a premium honey company. It also helps promote the unique, sustainable honey products derived from its pristine old growth Melaleuca tea tree plantation in Northern NSW. An important step in establishing the Meluka brand in Australia. No minimum commitment or agreed term. Meluka Honey receives the wholesale sales price on sales to distributors.



Figure 1: Naturally Good Expo, Sydney, NSW

Distribution Update

During June, Meluka Honey entered into an agreement with a US based broker, Runner Boy Health, to represent its brand in Virginia, West Virginia, North Carolina and South Carolina. Runner Boy Health has a network of nearly 200 health focused retailers in its network and it was at Expo West in Anaheim in March where this connection was established. This is an important step to start gaining exposure for the Meluka Brand in key states on the east coast of the US. For further information, please see the ASX release *Meluka Honey Market Update*, dated 20 June 2019.

Meluka Honey continues to look at expanding the distribution network in Australia by aligning with appropriate distribution partners in key markets. Separately, Meluka Honey is continuing to advance discussions with several parties regarding distribution arrangements for key markets such as Japan, China, Indonesia and the Middle East.

Jenbrook – Farming Operation

Tea Tree Harvest Update

Harvesting continued throughout the last quarter and into July. Lower than expected rainfall in the summer months did not appear to impact significantly the crop production for the 12 month period. Overall production was similar to 2018 and in line with budgeted levels. The demand for Jenbrook's organic tea tree oil, particularly from the US market, continues to outstrip current supply. The Company has recently completed an agronomy review to investigate options to increase the level of oil production including the use of organic fertilisers, pH control measures, addition of compost and utilisation of surplus land to expand the area under plantation. Some of these measure will be introduced over the next twelve months.

Farm Assets Valuation

During the quarter, EVE appointed licensed independent valuer E M Harrison ("Harrison") to carry out a valuation of the Robyndale and Jendale plantations, which are owned 100% by Jenbrook Pty Ltd, which EVE acquired in August 2018 for consideration of \$3,400,000. The total valuation for the organic tea tree properties was \$6,000,000. The Robyndale tea tree oil plantation, including the value of the water licence and buildings, is \$4,700,000. The Jendale old growth tea tree property had a value of \$1,300,000. The valuation was carried out in June 2019 with a valuation date of 30 August 2018, the date of acquisition for the properties by EVE.

About Valuation Report

E M Harrison, a registered valuer was engaged by the Company to assess the market value of the land and improvements on the Robyndale and Jendale properties as well as an associated water licence as at the date of acquisition by EVE, 30 August 2018. A site visit was conducted in June 2019 by Harrison and a subsequent report was prepared.

Valuation Calculation

Robyndale Land	\$3,712,500
Robyndale Water Licence	\$900,000
Robyndale Improvements	\$86,750
Total Robyndale	\$4,700,000
Jendale Land	\$1,160,000
Jendale Improvements	\$140,000
Total Jendale	\$1,300,000
Total Properties	<u>\$6,000,000</u>

For further information, please see the ASX release *Company Update*, dated 8 July 2019.

Naturally Australian Products LLC (NAP) (49% EVE ownership)

NAP continued to provide distribution services for Meluka Honey throughout the quarter, with a focus primarily in the western states of the US. Meluka Honey also uses online channels such as its own website and sales through Amazon's website for direct to consumer sales. Other parties continue to be looked at to expand the distribution footprint of the Meluka Honey product range.

Subsequent to quarter end, NAP undertook its relocation to a new warehouse premises. The relocation to a larger facility will allow NAP to meet faster delivery timelines and fulfil more customer orders as it expands its sales network.

Omni Innovation (38% EVE ownership)

Eagle Health continued with the registration of the Hutang-1 product formula with the China Food & Drug Administration (CFDA) as a Food for Special Medical Purpose (FSMP). Eagle Health expects the FSMP registration process to be completed by Q4 2019. In the meantime, product sales have been restricted until this is granted. Due to the lack of sales in the period, Eagle Health did not meet the sales target required to maintain exclusivity in the Chinese market. Consequently, the Eagle Health licence for the Chinese market has reverted to a non-exclusive licence.

Omni Innovation is free to explore other potential partners for the Chinese market to also distribute the product.

Corporate & Financial Update

Subsequent to quarter end, EVE announced it has received commitments for a placement to raise \$750,000 before costs at 0.5 cents per share. The placement received strong interest from both existing and new shareholders with the Board ultimately resolving to take an additional \$100,000 due to the excess demand and further allocations scaled back.

To preserve the alignment between the interests of shareholders and management, all of the Company's directors, as well as management have agreed to collectively subscribe for \$150,000 of new shares. \$563,500 of the placement was completed in July, with the remaining \$186,500 of the placement, including director and management participation, will be issued after shareholder approval.

EVE will deploy the proceeds from the placement to build out the Meluka Honey product inventory, including an expansion of the product portfolio, as well as marketing expenditure to support the on-going roll out of the product offering, continuation of work to develop distribution opportunities, both in Australia and overseas, and for general working capital.

EVE continues discussions with various potential strategic partners to expand the Meluka Honey business into various international markets and to pursue distribution opportunities for the Meluka Essentials business into the Asian market. The Company is actively co-ordinating site visits to the Company's operations for existing and potential Australian and overseas distributors over the coming weeks.

The Company is also advanced on discussions with potential strategic investors to provide further funding to meet the capital requirements to continuing developing the expanded EVE businesses. The Company expects to complete this process in the current quarter.



Figure 2 and 3: Site visit, Jenbrook Farms, northern NSW

Outlook

Following the significant increase in valuation of its underlying assets and the recent \$750,000 placement EVE's balance sheet is well positioned to fund growth activities in the coming quarters.

Distribution in Australia is expected to continue to expand as Meluka Honey's existing distribution channels in NSW and QLD grow and new distribution opportunities commence. The US is expected to continue its growth as Runner Boy Health commences activities and a more active amazon promotional campaign commences. Meluka Honey is in active discussions with distribution partners in Japan, China and Korea and with the advent of Meluka's new bio-fermented honey drinks range it is expected that distribution arrangements in these territories will commence in the coming quarters.

NAP's expansion into a new warehouse facility has it better positioned to build its inventory and increase its sales volumes to meet the growing demand for its high-quality essential oils.

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About EVE Investments

EVE Investments invests in technology companies with a focus on the medical nutrition sector. The Company's investment strategy has a three-pronged approach.

1. To invest in businesses that are in the early growth phase with the aim to support their expansion programs.
2. To identify products that have unique medicinal properties and a global reach application.
3. Preference for natural organic products that have demonstrated medicinal benefits.

For further information, please visit www.eveinvestments.com.au

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

EVE INVESTMENTS LTD

ABN

89 106 523 611

Quarter ended ("current quarter")

30 JUN 19

For the purposes of the consolidated statement of cash flows, only cashflows from EVE, Jenbrook Pty Ltd (from 30 August 2018) and Meluka Health (from 25 February 2019) are included. Cashflows from Naturally Australian Products and Omni Innovation are not included in the below figures.

Consolidated statement of cash flows

1.	Cash flows from operating activities
1.1	Receipts from customers
1.2	Payments for:
	(a) research and development
	(b) product manufacturing and operating costs
	(c) advertising and marketing
	(d) leased assets
	(e) staff costs
	(f) administration and corporate costs
1.3	Dividends received (see note 3)
1.4	Interest received
1.5	Interest and other costs of finance paid
1.6	Income taxes paid
1.7	Government grants and tax incentives
1.8	Other (provide details if material)
1.9	Net cash from / (used in) operating activities
2.	Cash flows from investing activities
2.1	Payments to acquire:
	(a) property, plant and equipment
	(b) businesses (see item 10)
	(c) investments
	(d) intellectual property
	(e) other non-current assets
2.2	Proceeds from disposal of:
	(a) property, plant and equipment
	(b) businesses (see item 10)
	(c) investments
	(d) intellectual property
	(e) other non-current assets
2.3	Cash flows from loans to other entities
2.4	Dividends received (see note 3)
2.5	Other (provide details if material) – gained on acquisition of Meluka
2.6	Net cash from / (used in) investing activities

Current quarter \$'000	Year to date (12 months) \$'000
391	1,420
-	-
(113)	(899)
(70)	(175)
-	-
(378)	(936)
(69)	(369)
-	-
-	11
(15)	(47)
-	-
49	49
-	-
(205)	(949)
-	(82)
-	(2,729)
-	-
-	-
-	-
-	-
-	-
-	(314)
-	-
-	38
-	(3,088)

Business Loan and Revolving Agri Line Facility provided by ANZ to Jenbrook Pty Ltd. Interest rate is 2% less than the Business Mortgage Index Rate (variable). Revolving facility increased in period.

Management loan provided by existing Jenbrook management on completion of \$250k. Interest rate is 4% above the RBA Cash Rate (variable).

Security provided over the land holdings of Jenbrook Pty Ltd.

On acquisition of Meluka Health, an existing shareholder loan of \$100,613 became a facility of the group. This loan is unsecured with nil interest and is due in 3 years from acquisition of Meluka Health.

9. **Estimated cash outflows for next quarter**

9.1	Research and development
9.2	Product manufacturing and operating costs
9.3	Advertising and marketing
9.4	Leased assets
9.5	Staff costs
9.6	Administration and corporate costs
9.7	Other (provide details if material) – partial loan repayment
9.8	Total estimated cash outflows

\$'000
-
50
20
-
285
275
50
680*

* Excludes forecast cash inflow from sales of \$230,000.

On 12 July 2019, the Company announced a capital raising of \$750,000. The first tranche of \$563,500 was completed on 19 July 2019.

10. **Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)**

10.1	Name of entity
10.2	Place of incorporation or registration
10.3	Consideration for acquisition or disposal
10.4	Total net assets
10.5	Nature of business

	Acquisitions	Disposals
	-	-
	-	-
	-	-
	-	-
	-	-

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.


Steven Jackson
Company Secretary

30 July 2019

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

Forward Looking Statements

Certain information set forth in this presentation contains "forward-looking information", including "future oriented financial information" and "financial outlook", under applicable securities laws (collectively referred to herein as forward-looking statements). Except for statements of historical fact, information contained herein constitutes forward-looking statements and includes, but is not limited to, the (i) projected financial performance of the Company; (ii) completion of, and the use of proceeds from, the sale of the shares being offered hereunder; (iii) the expected development of the Company's business, projects and joint ventures; (iv) execution of the Company's vision and growth strategy, including with respect to future M&A activity and global growth; (v) sources and availability of third-party financing for the Company's projects; (vi) completion of the Company's projects that are currently underway, in development or otherwise under consideration; (vii) renewal of the Company's current customer, supplier and other material agreements; and (viii) future liquidity, working capital, and capital requirements. Forward-

looking statements are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment.

These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements.

Although forward-looking statements contained in this presentation are based upon what management of the Company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

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