

Bod to acquire Aqua Phase

Sydney, Australia – 30 August 2022: Cannabis focused drug development and product innovation company Bod Australia Limited (“Bod” or “the Company”) (ASX: BOD) is pleased to announce that it has entered into a binding agreement to acquire ‘Aqua Phase’, a process technology to increase the bioavailability of cannabis compounds, together with all intellectual property, confidential information, records, goodwill and the right to use the name ‘Aqua Phase’.

The commercial terms for the acquisition are set out in the Appendix.

The Company’s shares are currently in a trading halt while the placement component of its capital raising is being undertaken. The trading halt is expected to end on Thursday, 1 September 2022.

Further details regarding the acquisition of Aqua Phase and Bod’s capital raising will be provided on Thursday, 1 September 2022.

This announcement has been approved by the Board of Bod Australia Limited.

-ENDS-

About Bod Australia:

Bod Australia Limited (ASX:BOD) Bod is a cannabis focused drug development and product innovation company.

Bod is focused on progressing a defined R&D and clinical trial pathway to commercialise and deliver high quality, evidence based, products for the pharmaceutical and consumer markets.

The Company has a number of existing partnerships with large corporate groups and collaborations with leading research partners to advance the use of CBD and other cannabinoids.

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Annexure A – Details of Acquisition

Topic	Overview															
Assets to be acquired	The assets to be acquired by Bod comprise a process technology invented and developed by UK-based scientists (the Sellers) to make lipophilic compound(s) from cannabis (or other chemicals or compounds) soluble in aqueous solutions (Invention), together with all intellectual property (including a patent application), confidential information, records, goodwill and right to the name “Aqua Phase” associated with the Invention.															
Use of Invention for non-cannabis compounds	The Acquisition covers the use of the Invention for purposes other than cannabis. Bod will act in good faith and cooperate with the Sellers to enable the Sellers to be compensated for the fair value (if any) of use of the Invention (or its intellectual property) if it is also able to be successfully used in the absence of any cannabis compounds.															
Conditions precedent	<p>The following conditions precedent must be satisfied or waived (by Bod):</p> <table><tr><th>CP #</th><th>Description</th><th>CP due date</th></tr><tr><td>1.</td><td>Successful manufacture of Milestone Product for a pharmacokinetic (PK) study to be undertaken by Bod.</td><td>3 months after execution</td></tr><tr><td>2.</td><td>Successful completion of non-pharmaceutical GMP stability for one-month real time and one month accelerated time (which later provides for 3 months of real time stability) on the Milestone Product.</td><td>3 months after execution</td></tr><tr><td>3.</td><td>Successful proof in a human (PK) Study that the Milestone Product has a 30% or greater improved bioavailability as determined by the area under the curve difference compared with cannabidiol (CBD) dissolved in MCT oil.</td><td>6 months after execution</td></tr><tr><td>4.</td><td>Successful completion of an equity raise transaction by Bod which raises at least A\$2 million in aggregate.</td><td>4 months after execution</td></tr></table> <p>The “Milestone Product” for the purposes of the transaction is any CD/CBD capsule, tablet or other product format agreed by the parties which utilises the Invention.</p>	CP #	Description	CP due date	1.	Successful manufacture of Milestone Product for a pharmacokinetic (PK) study to be undertaken by Bod.	3 months after execution	2.	Successful completion of non-pharmaceutical GMP stability for one-month real time and one month accelerated time (which later provides for 3 months of real time stability) on the Milestone Product.	3 months after execution	3.	Successful proof in a human (PK) Study that the Milestone Product has a 30% or greater improved bioavailability as determined by the area under the curve difference compared with cannabidiol (CBD) dissolved in MCT oil.	6 months after execution	4.	Successful completion of an equity raise transaction by Bod which raises at least A\$2 million in aggregate.	4 months after execution
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Purchase price	<p>Bod will pay the Sellers the following amounts for the transaction:</p> <ul style="list-style-type: none">At Completion of the transaction (being the point at which the Conditions have all been satisfied or waived), GBP 1 million.Following Completion, if Milestone 1 (defined below) is achieved, GBP 0.5 million (Milestone 1 Payment).Following Completion, if Milestone 2 (defined below) is achieved, GBP 1.5 million (Milestone 2 Payment). <p>If Bod elects, Milestone 1 Payment and Milestone 2 Payment may be satisfied by the issue of new ordinary shares in Bod (rather than cash) (Consideration Shares), or a combination of cash and shares. The issue price will be based on the 3-month VWAP of Bod shares at the relevant time, less a 10% discount to reflect the issue of shares rather than cash. The floor price of the Consideration Shares is \$0.07 per share and a Seller must not obtain a relevant interest in 20% or more of Bod’s issued shares via the issue of Consideration Shares.</p> <p>The issue of Consideration Shares is subject to Bod shareholder approval, failing which the Milestone Payments must be settled in cash.</p>															
Milestones	<p>Following Completion, the Sellers will be entitled to a Milestone 1 Payment and/or Milestone 2 Payment if the following milestones are achieved.</p> <table><tr><th>#</th><th>Description</th><th>Timing</th></tr><tr><td>1.</td><td>Successful manufacture to pharmaceutical GMP standards of such number of batches of the Milestone Product as is agreed</td><td>24 months after Completion subject</td></tr></table>	#	Description	Timing	1.	Successful manufacture to pharmaceutical GMP standards of such number of batches of the Milestone Product as is agreed	24 months after Completion subject									
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		between the Sellers, Bod and the relevant pharmaceutical body and such batches being placed onto and achieving pharmaceutical GMP stability for one month real time and one month accelerated time.	to extension for third party delays.
	2.	Successful production of the first commercial pharmaceutical GMP (100,000-500,000 capsule run) batch of Milestone Product.	36 months after Completion subject to extension for third party delays.
	If either Milestone 1 Payment or Milestone 2 Payment is not triggered, but Bod subsequently achieves sales in excess of GBP 1 million of a Milestone Product or of another Product utilising the Invention, or sells the Invention to a third party, Bod will pay any Milestone Payment which has not already been paid to the Sellers.		
Non-payment or insolvency event	If following Completion Bod becomes insolvent or fails to pay a milestone payment as required under the agreement (provided that Bod will first have a 60 business day grace period to rectify any non-payment of a milestone payment), Bod will be required to transfer legal and beneficial ownership of the Invention and related assets back to the Sellers.		