

15 MARCH 2021

LGP RECEIVES FIRM PURCHASE ORDER FROM DEMECAN AND SIGNS BINDING AGREEMENT TO ACQUIRE LAND FOR EXPANSION

ASX ANNOUNCEMENT

Highlights:

-  Little Green Pharma receives firm purchase order from DEMECAN for 9,000 units of cannabis flower medicines for Q2 CY2021
-  To meet growing demand, the Company has entered into a binding Heads of Agreement to acquire the freehold properties underlying its South West WA cultivation and manufacturing facilities as well as two adjacent freehold properties
-  The acquisition allows LGP to quadruple existing cultivation capacity at the one site over time, with initial plans to double its indoor cultivation facilities capacity within the existing high-security fence line and construction anticipated to commence in H2 CY2021
-  Increased cultivation capacity will enable the Company to service higher market demand for LGP cannabis flower medicines and continued strong domestic demand for LGP cannabis medicines generally
-  The property values will be determined by independent valuation with consideration to comprise 70% cash and 30% scrip at a 5-day VWAP, being \$0.663 share, subject to shareholder approval

Little Green Pharma Ltd (ASX: LGP, “LGP” or the “Company”) is pleased to announce that it has received a firm purchase order from German pharmaceutical wholesaler Deutsche Medizinalcannabis GmbH (“DEMECAN”) and has also entered into a binding Terms Sheet (“Agreement”) to acquire the freehold properties on which its South West WA cultivation and manufacturing facilities are situated, as well as two adjacent freehold properties.



DEMECAN purchase order

The DEMECAN purchase order comprises 9,000 x 15g units of cannabis flower medicines to be delivered in Q2 CY2021 and follows the first commercial shipment of cannabis flower (500 x 15g units) made to Germany in February 2021 (see ASX announcement dated 5 February 2021).

LGP has a medicinal cannabis purchase agreement with DEMECAN, under which LGP will sell and export to DEMECAN up to 1,000kg of LGP-cultivated dried cannabis flower per annum (see ASX announcement dated 27 February 2020).

Acquisition of expansion capacity land

LGP has agreed to acquire the two properties underlying its South West WA cultivation and manufacturing facilities as well as two adjacent properties (“**Properties**”). The Properties have a total land area of approximately 16,000 sqm.

The purchase is intended to help service higher-than-expected international market demand for LGP cannabis flower medicines as well as the continued strong growth in demand for LGP’s cannabis medicines in domestic markets and to meet demand in new markets for cannabis flower medicines.

LGP has the ability to double its indoor cultivation capacity with 3,000 square meters available within its existing high-security fencing line. LGP will shortly commence planning this doubling of cultivation capacity, with construction anticipated to begin in H2 CY2021. The two adjacent properties give LGP the option to again double cultivation capacity should there be a need to do so.

In addition to securing the Properties and growing its GACP and GMP capacity, the acquisition will eliminate annual rental expenses of \$170,000 and gives the Company tangible assets against which to obtain financing.

LGP currently leases the properties that underlie its cultivation and manufacturing facilities under 20-year leases. The Company has spent over \$6 million constructing its cultivation and manufacturing facilities, investing in the fit-out of existing warehouse structures, and making other capital improvements to these properties.

Agreement terms & conditions

Under the Agreement, the price of the Properties will be determined by independent market valuations, with payment of the consideration to comprise 70% cash and 30% scrip. The Company currently estimates the price payable for the Properties at approximately \$5.5– \$7.5 million.





New fully paid shares in LGP will be issued as consideration to the vendors, being Max Jensen and certain wholly-owned corporate entities, at a price equal to the 5-day VWAP (\$0.663) and will be subject to shareholder approval. Any shares approved and issued to the vendors of the Properties shall be subject to a 12-month escrow period from the date of issue. LGP shall also pay the vendors a deposit of \$500,000 within 5 days of signing the Agreement.

In the event shareholder approval is not obtained, the vendors have the option to either require the Company to pay the 30% balance in cash, or to terminate the Agreement and refund the Deposit.

The Agreement is conditional upon LGP completing due diligence into the adjacent properties to its reasonable satisfaction and the parties entering into a long-form land purchase agreement(s) for the Properties on industry-standard terms. Settlement of the transaction is proposed to occur sometime in May 2021.

ENDS

A handwritten signature in dark ink, appearing to read "Alistair Warren", written over a horizontal line.

Alistair Warren
Company Secretary

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About Little Green Pharma

Little Green Pharma is a vertically integrated medicinal cannabis business with operations from cultivation and production through to manufacturing and distribution.

The Company has an indoor cultivation facility and manufacturing facility in Western Australia for the production of its own-branded range of GMP-grade medicinal cannabis products.

Little Green Pharma products comply with all required Therapeutic Goods Administration regulations and testing requirements. With a growing range of products containing differing ratios of active ingredients, Little Green Pharma supplies medical-grade cannabis products to Australian and overseas markets.

The Company has a strong focus on patient access in the emerging global medicinal cannabis market and is actively engaged in promoting education and outreach programs, as well as participating in clinical investigations and research projects to develop innovative new delivery systems.

For more information about Little Green Pharma go to: www.littlegreenpharma.com

Help us be Green

LGP investors are encouraged to go paperless and receive Company communications, notices and reports by email. This will ensure efficient communication during COVID-19 while also helping to reduce our costs and environmental footprint.

To easily update your communication preferences, visit: www.computershare.com.au/easyupdate/lgp

