PROSPECTUS

Little Green Pharma Ltd
ACN 615 586 215

For the offer of up to 22,222,222 Shares at an issue price of $0.45 each to raise up to $10,000,000

LEAD MANAGER:

Canaccord Genuity

This is an important document and requires your immediate attention. It should be read in its entirety. Please consult your professional advisers if you have any questions about this document.

Investment in the Shares offered pursuant to this Prospectus should be regarded as highly speculative in nature, and investors should be aware that they may lose some or all of their investment. Refer to Section 6 for a summary of the key risks associated with an investment in the Shares.

Important Notice

The issuer of this Prospectus is Little Green Pharma Ltd ACN 615 586 215 (**LGP**, **Little Green Pharma** or **Company**).

Offer

The Offer contained in this Prospectus is an invitation to you to apply for fully paid ordinary shares in the Company. This Prospectus is issued by the Company for the purpose of Chapter 6D of the Corporations Act. The Offer contained in this Prospectus is an initial public offering of Shares.

Lodgement and Listing

This Prospectus is dated, and was lodged with ASIC on, 19 December 2019. Application will be made to ASX within seven (7) days of the date of this Prospectus for admission of the Company to the Official List of the ASX and for quotation of its Shares on ASX. Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Expiry Date

The expiry date of this Prospectus is 5.00pm (AEDT) on that date which is thirteen (13) months after the date this Prospectus was lodged with ASIC.

No Shares will be issued on the basis of this Prospectus after that expiry date.

Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice. The Company is not licensed to provide financial product advice in respect of its securities or any other financial products.

This Prospectus is important and should be read in its entirety prior to deciding whether to invest in Shares. There are risks associated with an investment in Shares and some of the key risks are set out in Section 6. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in Shares. There may also be risks in addition to these that should be considered in light of your personal circumstances.

If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in Shares.

Except as required by law and only to the extent so required, no person named in this Prospectus warrants or guarantees the Company's performance, the repayment of capital by the Company or any return on investment made pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer, other than as is contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company, the Directors, the Lead Manager or any other person in connection with the Offer. You should rely only on the information in this Prospectus.

Foreign Investors

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. The Offer is not being extended to any investor outside Australia, other than certain sophisticated and institutional investors in certain jurisdictions detailed in Section 11.12.

The Shares being offered pursuant to this Prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or any US state securities laws and may not be offered or sold in the US absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the Shares in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful under applicable law, including the US Securities Act.

Warning

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision. The usual rules do not apply to this offer because there is an exclusion for offers where the amount invested upfront by the investor (plus any other investments the investor has already made in the financial products) is $750,000 or more. As a result of this exclusion, you may not receive a complete and balanced set of information. You will also have fewer other legal protections for this investment. Investments of this kind are not suitable for retail investors. Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

See Section 11.12 for more details on selling restrictions that apply to the Offer and the sale of Shares in jurisdictions outside Australia.

Financial Information

Section 4 of this Prospectus sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information.

The Financial Information included in this Prospectus has been prepared and presented in accordance with the recognition and measurement principles prescribed in International Financial Reporting Standards, except where otherwise stated.

The Financial Information is presented in abbreviated form. It does not include all of the presentation and disclosures required by the International Financial Reporting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports. The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 4.

Unless otherwise stated, all pro forma data in this Prospectus gives effect to the pro forma adjustments referred to in Section 4.

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. All references to "$" are references to Australian dollars. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Forward-Looking Statements

This Prospectus contains forward-looking statements which are identified by words such as "believes", "estimates", "expects", "targets", "intends", "may", "will", "would", "could", or "should" and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risk factors associated with an investment in the Company are detailed in Section 6. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Past Performance

This Prospectus includes information regarding past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Electronic Prospectus and Application Forms

This Prospectus will generally be made available in electronic form by being posted on a website hosted by the Share Registry at https://lgpoffer.thereachagency.com. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the relevant Application Form (free of charge) from the Company's registered office during the Offer Period by contacting the Company. Contact details for the Company and details of the Company's registered office are detailed in the Corporate Directory. The Offer constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and relevant Application Form within Australia.

Applications will only be accepted using the relevant Application Form attached to, or accompanying, this Prospectus or in its paper copy form as downloaded in its entirety from https://lgpoffer.thereachagency.com. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

Prospective investors wishing to subscribe for Shares under the Offer should complete the Application Form. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

Exposure Period

The Corporations Act prohibits the Company from processing Applications for Shares under this Prospectus in the fourteen (14) day period after the date of this Prospectus (**Exposure Period**). This period may be extended by ASIC by up to a further seven (7) days. The Exposure Period is to enable this Prospectus to be examined by ASIC and market participants prior to the raising of funds under the Offer. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with Section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on Applications received during the Exposure Period.

Cooling Off Rights

Cooling off rights do not apply to an investment in Shares acquired under the Prospectus. This means that, in most circumstances, you cannot withdraw your application to acquire Shares under this Prospectus once it has been accepted.

Website

Any references to documents included on the Company's website are provided for convenience only, and none of the document or other information on the Company's website, or any other website referred to in this Prospectus, is incorporated in this Prospectus by reference.

Speculative Investment

The Shares offered pursuant to this Prospectus should be considered highly speculative. There is no guarantee that the Shares offered pursuant to this Prospectus will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Shares in the future.

Prospective investors should carefully consider whether the Shares offered pursuant to this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 6 for details relating to the key risks applicable to an investment in the Shares.

Privacy Statement

By completing an Application Form, you are providing personal information to the Company through the Share Registry which will manage Applications on behalf of the Company. The Company and the Share Registry on behalf of the Company, may collect, hold, use and disclose that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration of your investment.

The Company will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide the information requested in the Application Form, the Company and Share Registry may not be able to process your Application.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included on the Share register. In accordance with the requirements of the Corporations Act, information on the Share register will be accessible by members of the public. The information must continue to be included on the Share register if you cease to be a Shareholder.

The Company and the Share Registry may also share your personal information with agents and service providers of the Company or others who provide services on the Company's behalf, some of which may be located outside Australia where personal information may not receive the same level of protection as that afforded under Australian law.

The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for on-going administration of the register of members;
- printers and other companies for the purposes of preparation and distribution of statements and for handling mail; and
- legal and accounting firms, independent auditors, contractors, consultants and other advisers for the purposes of administering, and advising on, the Shares and associated actions.

Information contained in the Share register will also be used to facilitate dividend payments (if any), corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to gain access to their personal information that the Company and Share Registry may hold about that person, subject to certain exemptions under law.

A fee may be charged for access. Access requests must be made in writing or by a telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the Corporate Directory.

By completing an Application Form or authorising a broker to do so on your behalf, or by providing the Company with your personal information, you agree to this information being collected, held, used and disclosed as detailed in this Privacy Statement.

The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

Contract Summaries

Summaries of contracts detailed in this Prospectus are included for the information of potential investors but do not purport to be complete and are qualified by the text of the contracts themselves.

Photographs and Diagrams

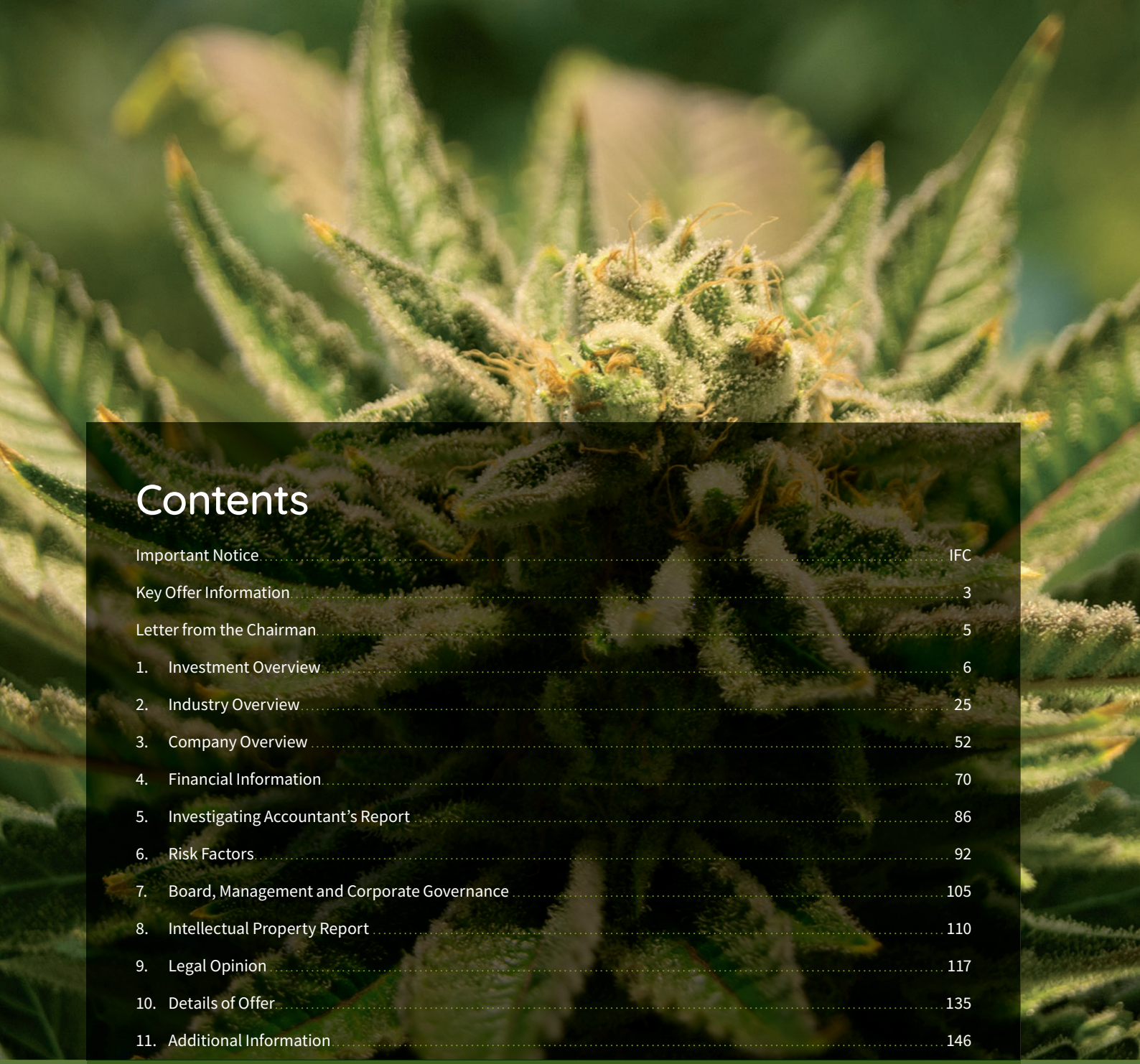
Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Time

All references to time in this Prospectus are references to AEDT, being the time in in Sydney, New South Wales, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the Glossary in Section 13.



Contents

Key Offer Information

Important Dates

Lodgement of Prospectus with ASIC	**Thursday, 19 December 2019**
Opening Date of the Offer	**Tuesday, 7 January 2020**
Closing date for the Chairman's List Offer	**Wednesday, 22 January 2020**
Closing Date of the Offer	**Wednesday, 29 January 2020**
Settlement of the Offer	**Monday, 3 February 2020**
Expected allotment and issue date of Shares under the Offer	**Tuesday, 4 February 2020**
Expected dispatch of holding statements	**Thursday, 6 February 2020**
Expected date for Shares to begin trading on ASX	**Friday, 7 February 2020**

The above dates are indicative only and may change. The Company in consultation with the Lead Manager reserves the right to amend any and all of the above dates without notice (including, subject to the Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, to accept late Applications (either generally or in particular cases) or to cancel the Offer before Shares are issued by the Company). If the Offer is cancelled before the issue of Shares, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

Key Offer Statistics

	Minimum Subscription	Maximum Subscription
Offer Price per Share	**$0.45**	**$0.45**
Total number of Shares on issue prior to Admission[1,2]	**76,437,671**	**76,437,671**
Total number of Shares issued following conversion of the Convertible Notes[3]	**34,711,975**	**34,711,975**
Total number of Shares offered under the Offer	**11,111,111**	**22,222,222**
Total number of Shares on issue after completion of the Offer	**122,260,757**	**133,371,868**
Total number of Options and Performance Rights on issue on Admission	**21,923,536**	**21,923,536**
• Number of Existing Options[4]	**10,850,000**	**10,850,000**
• Number of Adviser Options[5]	**4,073,536**	**4,073,536**
• Number of Performance Rights[6]	**7,000,000**	**7,000,000**
Indicative market capitalisation[7]	**$55 million**	**$60 million**

1. As at the date of this Prospectus, it is proposed that a further 375,000 Shares will be issued to Mr Michael Lynch Bell and Dr Neale Fong, subject to Shareholder approval, prior to Admission. Refer to Section 10.4 for further details.
2. On listing, 1,500,000 Shares will be issued to Mr Angus Caithness and 738,890 Shares to certain employees.
3. This assumes the issue of Shares on or about 21 January 2020 and this number will increase if the Convertible Notes convert on a later date. Refer to Sections 10.5 and 11.4(c) for further details.
4. Options with an exercise price of $0.30 and expiry dates of 31 July 2020, 31 December 2020, 31 January 2021 and 28 February 2022. Refer to Section 11.7 for further details.
5. 2,036,768 Options, each with an exercise price of $0.42 and expiring 31 July 2022 and 2,036,768 Options with an exercise price of $0.48 and expiring 31 July 2022. Refer to Section 11.7 for further details.
6. Comprises 1,000,000 Performance Rights currently on issue and 6,000,000 Performance Rights to be issued, subject to Shareholder approval, prior to Admission. Refer to Sections 11.8 and 11.9 for further details.
7. Calculated by multiplying the total number of Shares on issue after completion of the Offer by the offer price of $0.45 per Share. The price at which the Shares trade on ASX may be above or below this amount.

How to Invest

Applications can only be made by completing and lodging an Application Form. Instructions on how to apply for Shares are detailed in Section 10 and on the back of the Application Form.

Questions

If you have any questions in relation to the Offer, please contact the Offer Information Line on 1300 140 291 (within Australia) and +61 3 9415 4277 (international), between 8.30am and 5.30pm (AEDT), Monday to Friday.

If you are unclear in relation to any matter, or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

The Offer is an important next step in the evolution of the Company and the Board believes this funding accelerates our growth strategy to capture value in a dynamic global market. The Offer provides an opportunity for incoming investors to share in our exciting future.

Letter from the Chairman

Dear Investor

On behalf of the Board of Directors I am pleased to invite you to become a shareholder of Little Green Pharma Ltd (**Little Green Pharma**, **LGP** or the **Company**).

LGP was founded in 2016 with the aim of improving the quality of life for a child debilitated by seizures through the use of a patented small-particle formulation and to take advantage of opportunities relating to the emerging medicinal cannabis industry in Australia and in certain international jurisdictions.

Since then, LGP has invested significantly into product development, sales and marketing and cultivation capabilities with the aim of becoming a leading Australian medicinal cannabis company. LGP produces locally grown product in final dose form that has been used by more than 1,400 patients in Australia, with over 4,500 bottles of medicinal cannabis oil sold.

The Board considers that LGP is strongly positioned to capture value from opportunities relating to the emerging medicinal cannabis industry in Australia and internationally. LGP has achieved several key milestones that effectively position the Company to execute its growth strategy:

- **First mover advantage and barriers to competition:** LGP was the first Australian company to achieve production of a locally-grown medicinal cannabis product for patient use. LGP has a track record of nearly two years of successful cannabis cultivation and is continuing its stability testing which is currently for 24 months in cold storage conditions (2-8°C) and twelve months at ambient conditions (below 25°C).
- **Accessible, proprietary-branded product range:** LGP currently offers three LGP-branded medicinal cannabis oil products in the Australian market and is proposing to launch additional products in the near term.
- **Nationwide patient uptake:** Following the launch of LGP's first medicinal cannabis product in August 2018, more than 1,400 patients in Australia have used LGP products.
- **Highly scalable production with planned expansion:** LGP is currently expanding its cultivation facility to have capacity to produce sufficient cannabis flower to manufacture more than 110,000 bottles of medicinal cannabis oil per annum.
- **Fully licenced business:** LGP, together with its exclusive Manufacturing Partner and distribution partners, holds all the necessary licences and permits to operate a vertically integrated medicinal cannabis business from cultivation to distribution.
- **TGA GMP-certified manufacturing facility:** LGP has an exclusive agreement for manufacturing services at a TGA GMP-certified manufacturing facility, which is a prerequisite for Australian medicinal cannabis producers to sell medicinal cannabis products into Australia and overseas.
- **Export distribution:** LGP has non-binding supply arrangements with distributors in Germany for the supply of LGP-branded and white-labelled products at a premium to Australian pricing and has received proof of concept conditional purchase orders for LGP products in Canada and New Zealand.
- **Education programmes:** LGP has developed, and is a sponsor of, the Green Choices portal, aimed at the education of physicians and patients to support patient access to medicinal cannabis.
- **Growing intellectual property portfolio:** LGP has patented a small particle formulation with the aim of improving the delivery of medicinal cannabis. The Company continues to undertake research and development activities in respect to alternative medicinal cannabis delivery systems with the aim of identifying additional patentable innovations.

LGP is accelerating its growth strategy by expanding operations in Australia and internationally with the aim of increasing market share and realising economies of scale. In the near term, LGP will seek to expand its cannabis cultivation operations and its manufacture of medicinal cannabis products for patient use in Australia. Over the longer term, LGP intends to progress various clinical development programmes focusing on the creation of high-value products.

The Offer is being made to provide funds to undertake sales and marketing activities supporting the Company's international expansion and export activities; to increase the market awareness and outreach of the Company; to undertake research and development activities in respect to its medicinal cannabis products and delivery technologies; to offer training and education relating to medicinal cannabis, LGP and its products; to implement new systems; and to provide working capital.

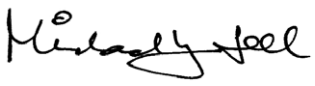
To fund the growth plan, LGP is seeking to raise a minimum of $5,000,000 and a maximum of $10,000,000 through the issue of up to 22,222,222 Shares at a price of $0.45 per Share pursuant to the Offer.

The Offer is an important next step in the evolution of the Company and the Board believes this funding accelerates the growth strategy to capture value in a dynamic global market. The Offer provides an opportunity for incoming investors to share in our exciting future.

This Prospectus contains detailed information about the Offer, financial position, operations, management team and expansion plans of LGP. Section 6 includes a description of the key risks associated with an investment in LGP and this Section should be read in detail. I encourage you to read the Prospectus carefully and in its entirety before making your investment decision and, if required, consult with your accountant, stockbroker, lawyer, or other independent professional adviser.

On behalf of the Directors, I invite you to consider this opportunity to invest in LGP and look forward to welcoming you as a Shareholder.

Yours sincerely,



Mr Michael David Lynch-Bell
Independent Non-Executive Chairman
Little Green Pharma Ltd

1. Investment Overview

1. Investment Overview

The information below is a selective overview only. Prospective investors should read this Prospectus in full before deciding whether to invest in the Shares the subject of the Offer.

Topic	Summary	More Information
A. Company and Business Overview		
Who is issuing this Prospectus?	Little Green Pharma Ltd (**Little Green Pharma**, **LGP** or the **Company**), a public company incorporated in Australia (ACN 615 586 215).	Section 11.1
What does the Company do?	LGP, together with its exclusive Manufacturing Partner and via its distribution arrangements, operates a vertically integrated medicinal cannabis business comprising cultivation, production, research and development, manufacturing, and distribution of medicinal cannabis products. LGP aims to take advantage of opportunities relating to the emerging medicinal cannabis industry in Australia and in certain international jurisdictions.	Section 3.1
Which industry does the Company operate in?	LGP operates in the medicinal cannabis industry. Medicinal cannabis is defined as cannabis products used under recommendation by a medical professional for a defined medical condition. Medicinal cannabis products are typically provided in the form of either prescription (Rx) pharmaceuticals licensed by a regulatory body, such as the US Food & Drug Administration (**FDA**), European Medicines Agency (**EMA**) or the Australian Therapeutic Goods Administration (**TGA**), which are prescribed by a physician and dispensed in a pharmacy; or as unregistered therapeutic goods comprising controlled and standardised plant-based products recommended/authorised by a physician and supplied through a special access process by licensed suppliers.	Sections 2 and 3
What is the legal status of medicinal cannabis in Australia?	Cannabis products have been legally available for supply within Australia since 2016. Registered cannabis products can be accessed by prescription. Under the Commonwealth regulatory regime, unregistered products such as LGP's medicinal cannabis products, can be accessed via the Special Access Scheme B (**SAS-B**) pathway, which permits access to cannabis products on a case-by-case approval basis, or via the Authorised Prescriber pathway. Both of these pathways are administered by the TGA. Patients will also typically require approval from an applicable State or Territory authority to be prescribed medicinal cannabis. The current status of Australian State & Territory regulation relating to medicinal cannabis is summarised below.	Sections 2, 3.10 and 9

Medicinal Cannabis Regulation by State/Territory, 2019

State	Comments
Australian Capital Territory (ACT)	Under the ACT Controlled Medicines Prescribing Standards, medicinal cannabis can be approved for patients with conditions including CINV and MS spasticity. Prescribers must have approval from the ACT Chief Health Officer (CHO) to prescribe medicinal cannabis as a controlled medicine.
New South Wales (NSW)	Medical practitioners may apply to NSW Health for authority to prescribe and supply cannabis-based products that are not on the ARTG, in appropriate circumstances. This follows the passing of the *Poisons and Therapeutic Goods Amendment (Designated Non-ARTG Products) Regulation 2016.*

1. Investment Overview

<table>
<tr><th>Topic</th><th>Summary</th><th>More Information</th></tr>
<tr><td>What is the legal status of medicinal cannabis in Australia? continued</td><td>
<table>
<tr><th>State</th><th>Comments</th></tr>
<tr><td>Northern Territory (NT)</td><td>A patient living in the NT must access medicines containing cannabinoids through a NT doctor who is authorised under the Special Access or Authorised Prescriber Schemes.</td></tr>
<tr><td>Queensland (QLD)</td><td>The Health (Drugs and Poisons) Regulation 1996 (HDPR) was amended in 2015 and 2016 to allow medical practitioners to prescribe cannabis products for defined classes of patients. In April 2019, the Public Health (Medicinal Cannabis) Act 2016 was repealed, with new legislation introduced to remove state-based approval.</td></tr>
<tr><td>South Australia (SA)</td><td>From 1 November 2016, medical practitioners in South Australia can legally prescribe medicinal cannabis products with relevant SA Health approval for the purposes of South Australian Controlled Substances legislation.</td></tr>
<tr><td>Tasmania (TAS)</td><td>The Tasmanian Government has introduced a controlled access scheme (CAS) which allows unregistered cannabinoid products to be prescribed in situations where conventional treatment has been unsuccessful.</td></tr>
<tr><td>Victoria (VIC)</td><td>The Access to Medicinal Cannabis Act 2016 allows the supply of medicinal cannabis products for approved medical conditions, and also allows for the lawful manufacture of medicinal cannabis products.</td></tr>
<tr><td>Western Australia (WA)</td><td>Cannabis-based products may be provided under authorisation from the WA Department of Health through a medical practitioner.</td></tr>
</table>
</td><td>Sections 2, 3.10 and 9</td></tr>
<tr><td>What is the Company's product range?</td><td>LGP's current product range comprises the "Classic" line of oil-based oral medicinal cannabis products, providing three oil formulations with different THC:CBD ratios. LGP has sold over 4,500 units of product since launch with approximately 45% of patients using LGP products prescribed for the first time over the 3 months prior to the date of the Prospectus. LGP is continuing its stability testing which is currently for 24 months in cold storage conditions (2-8°C) and twelve months at ambient conditions (below 25°C). Such stability testing is commercially recommended for many domestic and international distributors to sell pharmaceutical products.

In addition to oil-based products, LGP is also able to produce dry cannabis flower meeting TGO93 requirements. Interest for dry cannabis flower has been expressed from distributors in European markets.</td><td>Sections 3.5, 3.6 and 3.7(b)</td></tr>
</table>

Topic	Summary	More Information
What is the Company's cultivation facility?	LGP's cultivation facility, located in Western Australia, operates an indoor, closed-loop hydroponic system to ensure cannabis plants are cultivated under highly specific climate, light, and irrigation control at all times. There are currently two flowering rooms operating in the cultivation facility with a capacity to produce cannabis flower to manufacture approximately up to 15,000 bottles of medicinal cannabis oil per annum. LGP is currently expanding its facility in Western Australia, which is expected to be completed by Q1 CY2020. Following the expansion, it is planned that a total of nine flowering rooms will be operational. At full capacity it is expected that the cultivation facility will produce sufficient cannabis flowers to support the manufacture of over 110,000 bottles of medicinal cannabis oil per annum.	Section 3.4
How long has the Company been cultivating cannabis for?	LGP has achieved a track record of nearly two years of successful cannabis cultivation and, as at the date of this Prospectus, has never had a crop failure. Over this time, LGP, together with its Manufacturing Partner, have developed significant expertise and experience in cultivar selection, growing techniques, harvesting methods, extraction methods, and final product formulation.	Section 3.4
Who is the Company's manufacturing partner?	LGP has an exclusive agreement with the Manufacturing Partner, a fully licensed TGA GMP-certified pharmaceutical manufacturing company in Western Australia, to manufacture final dose form cannabis medicines on LGP's behalf. LGP's medicinal cannabis products are manufactured on a semi-automated production line on a batch-by-batch basis in accordance with applicable GMP guidelines in facilities audited and certified by the TGA. It is expected additional automation and manufacturing equipment will be required to scale up in line with anticipated demand. The Manufacturing Partner has the ability to produce oil, gel cap, suppository, emulsion and spray products, and is anticipated to be able to manufacture dry cannabis flower in early 2020. LGP also anticipates introducing new delivery systems into its product range as the market develops.	Section 3.5
Can the Manufacturing Partner process all of LGP's production?	The Manufacturing Partner will provide LGP with sufficient manufacturing capacity to process production from the currently planned cultivation facility expansion and, when supplemented by ancillary equipment, the potential 3,000sqm growing space expansion. If LGP raises the maximum funds sought under this Offer, LGP plans to construct manufacturing facilities capable of being TGA GMP-certified for extraction activities on its leased premises adjacent to its present cultivation facility. The Company will also seek to enter into product manufacture and supply arrangements to supplement the manufacturing capacity of the Manufacturing Partner, if required.	Sections 3.5 and 3.6

1. Investment Overview

Topic	Summary	More Information
What are the Company's distribution arrangements for its target markets?	LGP currently sells and distributes its medicinal cannabis products in Australia through Oxford Compounding Pty Ltd (**Oxford**) for patients in Western Australia and Health House International Pty Ltd (**Health House**) for patients in other states and territories. As of October 2019, LGP products have been used by more than 1,400 patients in Australia, with over 4,500 bottles of medicinal cannabis oil sold and approximately 45% of patients using LGP products prescribed for the first time in the 3 months prior to the date of the Prospectus. Internationally, LGP recently received its first commercial order of 2,400 units to be distributed to Germany (from CC Pharma, refer below). Fulfilment of this order is expected to take place following completion of the cultivation facility expansion. LGP has entered into non-binding arrangements in Germany as follows: • **CC Pharma (Germany):** CC Pharma is a distributor of pharmaceutical products to more than 13,000 pharmacies in Germany and throughout Europe. LGP has entered into a non-binding term sheet with CC Pharma which sets out the intention of LGP and CC Pharma to enter into a formal and binding agreement for the supply and purchase of LGP's medicinal cannabis products. • **Demecan (Germany):** Demecan is one of three companies globally to achieve a German cannabis license for domestic production. LGP has entered into a non-binding term sheet with Demecan which sets out the intention of LGP and Demecan to enter into a formal and binding agreement for the supply and purchase of LGP's medicinal cannabis products. • **Cansativa (Germany):** Cansativa is a GDP-certified pharmaceutical wholesaler licensed for trade in controlled substances. LGP has entered into a non-binding letter of intent with Cansativa which sets out the intention of LGP and Cansativa to enter into a formal and binding agreement for the provision of import and distribution services for LGP's medicinal cannabis products. LGP has also entered into proof-of-concept conditional agreements in Canada and New Zealand as follows: • **CannMart (Canada):** CannMart operates an online marketplace to distribute cannabis products in Canada. LGP has entered into a binding agreement with CannMart pursuant to which, subject to the satisfaction of certain conditions (including the parties obtaining all requisite approvals), LGP will supply and deliver to CannMart a fixed quantity of 50 bottles of medicinal cannabis products. • **Kariki Pharma (New Zealand):** LGP has entered into a binding agreement with Kariki Pharma pursuant to which, subject to the satisfaction of certain conditions (including the parties obtaining all requisite licences) LGP will supply Kariki Pharma with 70 bottles of medicinal cannabis products over a period of 12 months.	Sections 3.7, 11.4 and 11.5

Topic	Summary	More Information
What is the Clinical Development programme for the Company?	LGP is committed to clinical development activities, which may include one or more of the following: • **Further development of its patented small particle formulation:** LGP holds a patent over a small particle formulation with the potential to enable a three to six-fold reduction in the cannabinoid dosage required to achieve an equivalent therapeutic effect compared to LGP's existing medicinal cannabis oil products. LGP is currently scoping a product development validation project for the formulation. • **ARISE:** ARISE is a supercritical anti-solvent extraction technology which increases the surface area of particles of active pharmaceutical ingredients with the potential to increase absorption of drugs by the body. LGP holds an exclusive licence to exploit the ARISE technology in connection with medicinal cannabis and is presently finalising a research and development agreement with Curtin University to explore new formulations of medicinal cannabis that utilise the ARISE technology. • **OBJ Transdermal Technology:** LGP is investigating a proposed partnership with OBJ Limited (ASX:OBJ), with product development services to be provided by Curtin University, to create new cannabis-related products. • **Clinical investigations:** LGP is involved with five clinical investigations that are studying cannabinoid medicines, including LGP's medicinal cannabis oil products. The data and study outcomes may be used to inform the Company's clinical trials strategy related to the selection of suitable medical indications for drug registration in Australia, the UK and Europe.	Section 3.8
What is the Company's intellectual Property position?	LGP has a registered Australian patent (no. 2017250001) over its small particle formulation product which is anticipated to facilitate reduced-dosing requirements for medicinal cannabis oil products. The Company has also filed for international patent protection in key territories. LGP anticipates that it may apply for further patents in 2020 based on its collaboration with Curtin University in respect of the ARISE technology.	Section 3.9

1. Investment Overview

<table>
<tr><th>Topic</th><th>Summary</th><th>More Information</th></tr>
<tr><td>Does the Company hold the required licences and permits for its business operations?</td><td>LGP holds all licences and permits required in Australia to cultivate, produce and sell medicinal cannabis products, and all licences to import and export medicinal cannabis products offshore. LGP's Manufacturing Partner holds all relevant licences to import and export medicinal cannabis products as well as all licences and permits to manufacture and distribute finished medicinal cannabis products for LGP.

The Company holds the following licences and permits:

<table>
<tr><th>Approval</th><th>Description</th><th>Issuer</th></tr>
<tr><td>Medicinal Cannabis Licence</td><td>Allows the holder to cultivate and produce cannabis plants subject to grant of a Medicinal Cannabis Permit</td><td rowspan="2">Office of Drug Control (ODC)</td></tr>
<tr><td>Medicinal Cannabis Permits</td><td>Establish the quantities of cannabis mother plants and flower plants LGP is permitted to cultivate and produce</td></tr>
<tr><td>Indent Licence</td><td>Allows on-sale of cannabis products to holders of appropriate wholesale and retail licences</td><td rowspan="2">State Health (WA)</td></tr>
<tr><td>Schedule 9 Licence</td><td>Allows the supply of Schedule 9 cannabis products</td></tr>
<tr><td>Licence to Import</td><td>Authorises the importation of cannabis products subject to obtaining permits for specific import quantities</td><td rowspan="2">Office of Drug Control</td></tr>
<tr><td>Licence to Export</td><td>Authorises the export of cannabis products subject to obtaining permits for specific export quantities</td></tr>
<tr><td>ARTG (Export only) listing:
LGP Classic 10:10</td><td rowspan="4">Lists the Company's export-only cannabis products on the ARTG</td><td rowspan="4">Therapeutic Goods Administration</td></tr>
<tr><td>ARTG (Export only) listing:
LGP Classic 10:10 (Bulk)</td></tr>
<tr><td>ARTG (Export only) listing:
LGP Classic 20:5</td></tr>
<tr><td>ARTG (Export only) listing:
LGP Classic 20:5 (Bulk)</td></tr>
</table>
</td><td>Sections 3.10 and 9</td></tr>
</table>

Topic	Summary	More Information
What is the Company's growth strategy?	The Company's growth strategy is designed to capitalise on its assets and achievements to date to ensure sustainable growth into the future. LGP's growth strategy is as follows: • **Cultivation & Production:** LGP plans to complete the expansion of its cultivation facility to meet additional demand and achieve economies of scale. • **Manufacturing:** LGP has an exclusive six-year agreement with the Manufacturing Partner, a fully licenced TGA GMP-certified medicinal cannabis manufacturer. Subject to achieving the Maximum Subscription under this Offer, LGP also plans to construct its own manufacturing facilities capable of being TGA GMP-certified for extraction activities on leased premises adjacent to its present cultivation facility. Imported cannabis starting materials are proposed to be used to fulfil demand beyond its internal production capacity. • **Products:** LGP intends to expand its existing range of products and explore opportunities with alternative medicinal cannabis forms and delivery systems. The Company proposes to introduce these alternative medicinal cannabis products into LGP's product range over time to meet patient demand. • **Distribution, Market Engagement and Education:** LGP will seek to increase market penetration in Australia, increase medicinal cannabis awareness in Australia and Europe, and expand its sales footprint to Germany, the UK, Canada and New Zealand. • **Clinical Development:** LGP intends to explore new formulations for its medicinal cannabis products that utilise its patented small particle formulation and/or the ARISE technology and continue to undertake research and development of alternative delivery techniques with the aim of identifying additional patentable innovations. LGP's growth strategy is initially focused on continued expansion in Australia, followed by expansion into European markets.	Section 3.11
Why is the Company seeking to raise funds?	The purpose of the Offer is to: • provide the Company with a capital structure, which, together with access to capital markets, will improve financial flexibility to execute the Company's growth strategy and future growth opportunities; • provide a liquid market for its Shares and an opportunity for others to invest in the Company; and • provide the Company with the benefits of an increased profile that arises from being a listed entity.	Section 10.3

1. Investment Overview

Topic	Summary	More Information
What is the historical financial performance of the Company?	The table below summarises the historical Statements of Profit or Loss and Other Comprehensive Income for the periods ended FY2017, FY2018 and FY2019.	Sections 4.4 and 4.6

	FY2017 $	FY2018 $	FY2019 $
Revenue	–	–	248,500
Gross margin	–	–	100,725
Operating expenses	(217,177)	(2,364,155)	(5,532,126)
Loss from operations	(217,177)	(2,364,155)	(5,431,401)
Other income	172	54,447	264,693
Other expenses	(153)	(1,448,100)	(351,421)
Loss after tax	(217,158)	(3,757,808)	(5,518,129)
Other comprehensive income	–	–	(8,070)
Total comprehensive loss after tax	(217,158)	(3,757,808)	(5,526,199)

LGP generated revenue of $293,187 during the three months ended 30 September 2019 and $136,050 during October 2019.

The table below summarises the historical Statements of Financial Position for the periods ended FY2017, FY2018 and FY2019.

	FY2017 $	FY2018 $	FY2019 $
Assets			
Total current assets	819,140	1,714,553	1,117,761
Total non-current assets	149,583	2,306,907	838,378
Total assets	**968,723**	**4,021,460**	**1,956,139**
Liabilities			
Total current liabilities	202,118	382,282	1,913,562
Total non-current liabilities	–	–	1,330,645
Total liabilities	**202,118**	**382,282**	**3,244,207**
Net (liabilities)/assets	**766,605**	**3,639,178**	**(1,288,068)**
Shareholders' equity			
Share capital	983,763	7,221,577	7,317,514
Reserves	–	392,565	887,511
Accumulated losses	(217,158)	(3,974,964)	(9,493,093)
Total shareholders' equity/(deficit)	**766,605**	**3,639,178**	**(1,288,068)**

Relevant financial information in respect to the Company, including a pro forma statement of financial position detailing the effect of the Offer, is in Section 4.

Topic	Summary	More Information
How will the Company report to Shareholders on the performance of its activities?	The Company will send to its Shareholders an annual report and will also release information to Shareholders in accordance with the continuous and periodic disclosure requirements of the Listing Rules. Further information regarding the Company will be available on the ASX announcements platform at www.asx.com.au and will also be available on the Company's website at https://investor.littlegreenpharma.com/	Section 11.21
Will the Company pay dividends?	The Company does not intend to declare or pay any dividends in the immediately foreseeable future. The extent, timing and payment of any dividends declared or payable in the future will be determined by the Directors, based on a number of factors, including future earnings and the Company's financial position.	Section 11.24
B. Key Investment Highlights		
What are the Company's key highlights?	Since formation, LGP has achieved several key milestones that the Board considers differentiates the Company from its competitors and are competitive advantages effectively positioning LGP to execute its growth strategy: • **First mover advantage and barriers to competition:** LGP was the first Australian company to achieve production of a locally grown medicinal cannabis product for patient use. LGP has a track record of nearly two years of successful cannabis cultivation and is continuing its stability testing which is currently for 24 months in cold storage conditions (2-8°C) and twelve months at ambient conditions (below 25°C). • **Accessible, proprietary-branded product range:** LGP currently offers three LGP-branded medicinal cannabis oil products in the Australian market and is proposing to launch additional products in the near term. • **Nationwide patient uptake:** Following the launch of LGP's first medicinal cannabis oil product in August 2018, more than 1,400 patients in Australia have used LGP products. • **Highly scalable production with planned expansion:** LGP is currently expanding its cultivation facility to have capacity to produce sufficient cannabis flower to manufacture more than 110,000 bottles of medicinal cannabis oil per annum. • **Fully licenced business:** LGP, together with its exclusive Manufacturing Partner and distribution partners, holds all the necessary licences and permits to operate a vertically integrated medicinal cannabis business from cultivation to distribution. • **TGA GMP-certified manufacturing facility:** LGP has an exclusive agreement for manufacturing services at a TGA GMP-certified manufacturing facility, which is a prerequisite for Australian medicinal cannabis producers to sell medicinal cannabis products into Australia and overseas. • **Export distribution:** LGP has non-binding supply arrangements with distributors in Germany for the supply of LGP-branded and white-labelled products at a premium to Australian pricing and has received proof-of-concept conditional purchase orders for LGP products in Canada and New Zealand. • **Education programmes:** LGP has developed, and is a sponsor of, the Green Choices website portal, aimed at the education of physicians and patients to support patient access to medicinal cannabis. • **Growing intellectual property portfolio:** LGP has patented a small particle formulation with the aim of improving the delivery of medicinal cannabis. The Company continues to undertake research and development in respect to alternative delivery systems with the aim of identifying additional patentable innovations.	Sections 3.1

1. Investment Overview

Topic	Summary	More Information
C. Key Risks		
What are the key risks of investing in the Company?	Some of the key risks of investing in the Company are detailed below. The list of risks is not exhaustive and further details of these risks and other risks associated with an investment in the Company are described in Section 6. • **Maintaining and expanding medicinal cannabis licences** The successful execution of the Company's medicinal cannabis business objectives is contingent upon compliance with all applicable laws and regulatory requirements in Australia and other jurisdictions and obtaining all other required regulatory approvals for the import of starting materials and the production, sale, import and export of its branded products. LGP's ability to execute its business model and undertake its growth strategy is dependent on LGP's ability to maintain its medicinal cannabis licences and permits as issued by the ODC under the Narcotic Drugs Act 1967 (Cth) as well as its State Poisons and Indent wholesale licences and permits issued by the Department of Health, Western Australia (**WA State Health**). In addition, LGP's current ability to execute its business model is dependent on its Manufacturing Partner's ability to maintain and vary its ODC and TGA manufacturing licences and for the Manufacturing Partner to vary its existing ODC manufacture permit to manufacture expanded volumes. While LGP intends to, and understands that its Manufacturer Partner also intends to, submit renewal and variation applications of its licences and permits by the requisite dates, and is not aware of any reason why the ODC, TGA or WA State Health would refuse to renew or vary the licences and permits, LGP cannot guarantee that the licences or permits will be renewed or varied in a timely manner or at all. Existing licenses and permits and any new licenses and permits obtained in the future in Australia or other jurisdictions may also be revoked or restricted at any time should the Company fail to comply with the applicable regulatory requirements or with conditions set out under the licenses and permits. Should the licenses or permits be revoked or not renewed, the Company may not be able to import starting materials into Australia or continue producing or distributing medicinal cannabis products in Australia or other jurisdictions or export medicinal cannabis products outside of Australia. • **Fit and proper person** To obtain the necessary ODC issued licences required to operate in the medical cannabis industry, the ODC must first establish the integrity of the person applying for a licence or person(s) who have the ability to substantially influence the conduct of activities under that licence. This is known as the "fit and proper person" test. In respect of an applicant who is a company, this test is applied to the directors/officers of the company and any shareholder or person who is able to exercise a significant influence over the management or operations of the Company. The ODC has confirmed to the Company that the Directors have satisfied the "fit and proper person" test, however, as at the date of this Prospectus, the Company has not received final approval from the ODC approving its Chief Financial Officer, Chief Operating Officer or a significant shareholder in the company, Elixxer Ltd's (**Elixxer**), status as a "fit and proper person". As at the date of this Prospectus, Elixxer has appointed an individual previously approved as a "fit and proper person" by the ODC as its proxy in connection with the voting power of its Shares and has undertaken to the Company to abstain from voting such shares in the event such proxy arrangements are terminated and not satisfactorily replaced.	Section 6

Topic	Summary	More Information
What are the key risks of investing in the Company? continued	If, for whatever reason, the ODC does not accept the Chief Financial Officer, Chief Operating Officer and/or Elixxer as a "fit and proper person" or does not accept such proxy arrangements, there is a risk that the ODC may seek to revoke the Company's existing licences. If in the future there is a change in the Board or shareholding of LGP and that change results in a person having the ability to substantially influence the conduct of LGP and that person does not pass the "fit and proper person" test, the ODC may determine that LGP is not a "fit and proper person" to hold the relevant licences or permits, and any licences granted to LGP could be revoked. • **Facility expansion risk** LGP currently operates a cultivation facility and is currently expanding this facility. The Company has also leased an adjacent lot to facilitate additional storage, drying and manufacturing activities as well as potentially expand cultivation capacity in the future. Once the facility expansion is completed and the licences and permits varied and new licence and permit for the adjacent facility is obtained, these facility expansion measures will significantly increase the Company's cultivation, production, processing and storage capacity. However, development impediments such as construction delays, delays to current licensing and permitting applications or audits, or cost over-runs may delay or prevent the Company's ability to complete expansion plans on time or at all. It is also possible that the final costs of the expansion or major equipment contemplated by the expansion of the facility will be significantly greater than anticipated, in which circumstance the Company may be required to raise additional capital, extend the timeframes for completing the facility expansion, or curtail such capital expenditure plans, in which case production capacity may be reduced substantially. • **Reliance on key relationships** The Company solely relies on its Manufacturing Partner for the manufacturing of its products offered to the market. The Company has entered into a six-year exclusive agreement with its Manufacturing Partner. If the Manufacturing Partner ceases to be able to meet their commitments and obligations to the Company, including due to insolvency; loss of key licences, certifications or permits; or due to any other reason, this could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. • **Key inputs for growing medicinal cannabis** The LGP business is dependent on a number of key inputs, such as electricity, water and other utilities, as well as cultivation materials and inputs, equipment, parts and components related to on-going operations. Any significant interruption, price increase or negative change in the availability or economics of the supply chain for key inputs and, in particular, rising or volatile energy costs could curtail production. In addition, operations would be significantly affected by a prolonged power outage. The Company's ability to compete and grow cannabis is also dependent on it having access, at a reasonable cost and in a timely manner, to inputs, materials, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its equipment, facilities and supply chain. Any significant interruption or negative changes in the availability or economics of the supply chain for the inputs could materially impact the business, financial condition and operating result of LGP.	Section 6

1. Investment Overview

Topic	Summary	More Information
What are the key risks of investing in the Company? continued	• **Agricultural risks** The cultivation of cannabis is an agricultural process. As such, the business is subject to the risks inherent in the agricultural business, including risks of crop failure presented by weather, insects, plant diseases, mould and other agricultural risks. Although the Company currently grows its products indoors under climate-controlled conditions, there can be no assurance that natural elements, such as insects, mould and plant diseases, will not entirely interrupt production activities or have an adverse effect on the business. Adverse changes or developments affecting cultivation, growing, processing facilities, including, but not limited to, disease or infestation of crops, fire, explosions, power failures, natural disasters or material failures of the Company's security infrastructure, could reduce or require the Company to entirely suspend its production of medicinal cannabis. These factors can also impact grow times, the number of harvests and expected production yields. • **Expansion and scaling risks** Although the Company has achieved revenue of $248,500 for the financial year ended 2019, since the Company commenced operations in 2017, the Company's ability to sustain and accelerate this growth is dependent on a number of factors, many of which are beyond the control of the Company, including, but not limited to, continued product take-up, the availability of sufficient capital on suitable terms, delays in regulatory approvals, changes in laws and regulations with respect to the production of cannabis products, competition from other producers, and the Manufacturing Partner's capacity to produce sufficient volumes of LGP products to meet LGP's requirements and patient demand. In addition, the Company is subject to a variety of business risks generally associated with developing companies. Future development and expansion could place significant strain on human resources and likely will require the Company to recruit additional personnel, and there is no assurance that the Company will be able to do so. • **Export and import risk** The Company and the Manufacturing Partner also hold export licences and permits granted by the Department of Health (Cth) permitting the Company and the Manufacturing Partner to export medicinal cannabis products to certain jurisdictions outside Australia. LGP's ability to export its products to these markets will depend on these licences being renewed and additional permits being granted to meet its proposed export volumes. While the Company is not aware of any reason why the Department of Health (Cth) would refuse to renew these licences or grant these permits, LGP cannot guarantee these licences will be renewed or permits will be granted in a timely manner or at all. In the future, the Company also proposes to distribute LGP medicinal cannabis products into various jurisdictions through distribution agreements with various distributor counterparties on an FCA or delivered duty paid basis. If the parties are unable to agree binding terms or if the parties do so and these distributors cease to be able to meet their commitments and obligations to the Company, including due to bankruptcy, inability to obtain import permits for Company products, loss of key licences, unwillingness to accept Company products following facility audits, loss of certifications or permits or any other reason, this could have a material adverse effect on the Company's business, financial condition, and prospects. In addition, LGP's distributors or any downstream handlers of LGP's products (including transporters, other wholesalers and pharmacies) may handle or alter the products in a way that damages, impairs or contaminates LGP products or otherwise causes loss or damage to third parties, including patients. These third parties may claim directly against the Company for such loss or damage and LGP may not be able to recover such losses from its distributor counterparties or suffer reputational loss or damage, or both. Such outcomes could have a material adverse effect on the Company's business, financial condition, and prospects.	Section 6

Topic	Summary	More Information
What are the key risks of investing in the Company? continued	• **Loss making operation, future capital needs and additional funding** As at the date of this Prospectus, LGP is loss making and is not cash flow positive, meaning it is reliant on raising funds from investors to continue to fund its operations and product development. The Company intends to continue to spend significant funds to increase its growing capacity, expand its marketing and sales and grow its operations as well as meet the increased compliance requirements associated with the Company's transition to and operation as a public listed company. As the Company continues to grow, expenses may continue to exceed revenue, resulting in further net losses in the future. Although the Directors consider that LGP will, on completion of the Offer, have sufficient working capital to carry out its stated objectives and to satisfy the anticipated working capital and other capital requirements set out in this prospectus, there can be no assurance that such objectives can continue to be met in the future without securing further funding. Additional risks associated with an investment in the Company are described in Section 6.	Section 6
D. Summary of the Offer		
What is the Offer and what are its key terms?	The Company is offering up to 22,222,222 new Shares at an issue price of $0.45 each to raise a minimum of $5,000,000 and a maximum of $10,000,000 (before associated costs).	Section 10.1
How is the Offer structured?	The Offer comprises: • the **Broker Firm Offer**, which is open to Australian resident retail clients of Brokers who receive a firm allocation of Shares from their Broker; • the **Institutional Offer**, which consists of an offer to Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares; and • the **Chairman's List Offer**, which consists of an offer of Shares to selected investors in Australia who have received an invitation from the Chairman or the Company.	Section 10.1
What is the Maximum Subscription available under the Offer?	The Company is offering a Maximum Subscription of up to 22,222,222 Shares to raise $10,000,000 before costs of the Offer.	Section 10.1
What is the Minimum Subscription available under the Offer?	The Company is offering a Minimum Subscription of 11,111,111 Shares to raise $5,000,000 before costs of the Offer. If the Minimum Subscription is not achieved then the Company will not proceed with the Offer and will repay all Application Monies received (without interest).	Section 10.2
What is the effect of the Offer on the capital structure of the Company?	The Shares issued under the Offer will represent approximately 9.1% of the enlarged issued share capital of the Company at the minimum subscription amount and approximately 16.7% at the maximum subscription amount.	Section 10.4
Who is the Lead Manager?	The Lead Manager is Canaccord Genuity (Australia) Limited.	Section 10.6

1. Investment Overview

Topic	Summary	More Information
What are the Use of Funds from the Offer?	The Company proposes to raise a minimum of $5,000,000 and a maximum of $10,000,000 under this Offer. The use of funds are as follows:	Section 10.3

	Minimum Subscription		Maximum Subscription	
Sales and marketing	$650,000	13%	$1,650,000	16%
Research and development	$750,000	15%	$1,500,000	15%
System implementation	$750,000	15%	$1,500,000	15%
Manufacturing site expansion	–	–	$1,500,000	15%
Education activities	$500,000	10%	$1,000,000	10%
Regulatory compliance	$500,000	10%	$500,000	5%
International office costs	$300,000	6%	$500,000	5%
Inventory build up	$850,000	17%	$850,000	9%
Costs of the Offer	$700,000	14%	$1,000,000	10%
Total	**$5,000,000**		**$10,000,000**	

The expected use of proceeds represents LGP's current intentions based upon LGP's present plans and business conditions.

Shareholders should note that the above estimated expenditures will be subject to modification on an on-going basis depending on the progress of the Company's activities. Due to market conditions and/or any number of other factors (including the risk factors outlined in Section 6), actual expenditure levels may differ significantly to the above estimates.

The Directors consider that on completion of the Offer (based on the Minimum Subscription) the Company will have adequate capital to meet its current objectives and requirements as set out in this Prospectus.

Funds raised under the Offer will be supplemented by cash on hand (as at the date of this Prospectus) totalling approximately $3,500,000 and any revenue generated by the Company.

Will the Shares be quoted on the ASX?	The Company will apply to ASX within seven (7) days of the date of the Prospectus, for admission to the Official List and quotation of Shares on ASX (which is expected to be under the code "LGP"). Completion is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.	Section 10.13
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer, Chairman's List Offer and the Institutional Offer will be determined by agreement between the Company and the Lead Manager and having regard to the allocation policy outlined in this Prospectus. The Company and the Lead Manager reserve the right to reject any Application or bid, or to allocate to any Applicant or bidder, fewer Shares than the number, or the equivalent dollar amount, applied or bid for. In addition, the Company and the Lead Manager reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of applications).	Sections 10.7(d), 10.8(b) and 10.9(b)

Topic	Summary	More Information
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on an acquisition of Shares under the Offer.	Section 10.6
How can I apply?	Applications under the Offer can be made by completing the relevant Application Form, in accordance with the instructions accompanying that Application Form. To the extent permitted by law, an Application under the Offer is irrevocable.	Sections 10.6, 10.7, 10.8 and 10.9
Is the Offer underwritten?	The Offer is not underwritten.	Section 10.15
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or around 6 February 2020.	Section 10.6
When can I sell my Shares on the ASX?	It is expected that trading of Shares on the ASX will commence on or about 7 February 2020.	Section 10.6 and Key Offer Information
Are there any conditions to the Offer?	The Offer is conditional on: • the Company being granted conditional approval to list on the ASX; and • the Company raising the Minimum Subscription under the Offer. If any of these conditions are not met, the Offer will not proceed and investors' Application Monies will be returned (without interest).	Section 10.2 and 10.6
Can the Offer be withdrawn?	The Company reserves the right to not proceed with the Offer at any time before the issue or transfer of Shares to successful Applicants. If the Offer does not proceed, Application Monies will be fully refunded. **No interest will be repaid on any Application Monies refunded as a result of the withdrawal of the Offer.**	Section 10.11

1. Investment Overview

Topic	Summary	More Information
E. Directors and Related Party Interests and Arrangements		
Who are the Directors and what qualifications do the Directors have?	The Board currently comprises four Directors. A biography for each Director is as follows: **Michael David Lynch-Bell – Independent Non-Executive Chair** Michael is an experienced corporate finance executive and consultant. Michael led Ernst & Young's UK IPO and Global Natural Resources transaction teams in the Transaction Advisory practice and has been involved advising companies on fundraising, re-organisations, transactions, corporate governance as well as IPOs. Michael is a former Chair of the Bureau and current member of UNECE's Expert Group on Resource Measurement and a Non-Executive Director of Barloworld Limited (JSE:BAW), Senior Independent Director and Remuneration Committee Chair of Gem Diamonds Limited (LSE:GEMD), Audit Committee Chair of Lenta Limited (LSE:LNTA) (MCX:LNTA) and Deputy Chair and Nomination Committee Chair of Kaz Minerals plc (LSE:KAZ). **Fleta Jennifer Solomon – Managing Director** Fleta drives the strategic vision of the business and as Managing Director of Little Green Pharma has grown the company from a medicinal cannabis startup to an industry-leading medicinal cannabis brand in Australia. Fleta has 17 years' experience in corporate and consumer health markets. Fleta is a graduate of the Australian Institute of Company Directors (GAICD), holds a Bachelor of Science degree and an MBA from the University of Western Australia. **Angus McDougall Caithness – Executive Director** Angus is an experienced corporate finance executive and consultant in Australia and international markets. Angus has ASX experience as a non-executive Director of Lindian Resources Limited (ASX:LIN) CFO of Hunnu Coal (ASX:HUN) and Company Secretary for the IPO of Haranga Resources (ASX:HAR). Following these roles, Angus acted as CFO of Tavan Tolgoi, the owner of the world's largest coking coal deposit. Angus was previously an Executive Director at EY in London and Australia specialising in initial public offerings of large cap mining companies. Angus is a Harvard Business School alumnus, a Chartered Accountant, a fellow of the Financial Services Institute of Australasia and is currently completing a Master of Science. **Dr Neale William Fong – Independent Non-Executive Director** Neale is a registered medical practitioner with over 35 years in senior leadership roles in private hospitals, the public health systems, management consulting, academia, health research, aged care and not for profit organisations. Neale is an experienced ASX company director including a former non-executive Director of Neurotech International Limited (ASX:NTI) and executive chair of Chrysalis Resources Limited (ASX:CYS) and has been a Fellow of the Australian Institute of Company Directors for 17 years.	Section 7.1

Topic	Summary	More Information
What interests do Directors have in the securities of the Company?	The Directors and their related entities have the following interests in Securities as at the date of this Prospectus: **Director** / **Shares** / **Options** / **Performance Rights** Michael Lynch-Bell / 350,000 / – / – Fleta Solomon / 19,600,000 / – / – Angus Caithness / 4,000,000[1] / 3,500,000[2] / 2,500,000[3,4] Neale Fong / 800,000 / – / – 1. Excludes an additional 176,833 Shares to be issued to Mr Angus Caithness as a result of the conversion of existing Convertible Notes. 2. Each with an exercise price of $0.30 and expiring on 28 February 2022. Refer to Section 11.7 for further details. 3. 1,500,000 Performance Rights issued to Mr Angus Caithness will convert to shares on Admission. 4. 1,000,000 Performance Rights have been issued to Mr Angus Caithness. Refer to Section 11.8 for further details. Based on the intentions of the Directors at the date of this Prospectus in relation to the Offer, the Directors and their related entities will have the following interests in Securities on Admission: **Director** / **Shares** / **Options** / **Performance Rights** Michael Lynch-Bell / 600,000[1] / – / – Fleta Solomon / 19,600,000 / – / 1,500,000[5] Angus Caithness / 5,676,833[2] / 3,500,000[3] / 2,500,000[4,5] Neale Fong / 958,333[1] / – / – 1. As at the date of this Prospectus, it is proposed that 250,000 Shares will be issued to Mr Michael Lynch-Bell and 125,000 Shares will be issued to Dr Neale Fong, subject to Shareholder approval, prior to Admission. 2. Mr Angus Caithness will be issued an additional 176,833 Shares as a result of the conversion of existing Convertible Notes. 3. Each with an exercise price of $0.30 and expiring on 28 February 2022. Refer to Section 11.7 for further details. 4. 1,000,000 Performance Rights have been issued to Mr Angus Caithness. Refer to Section 11.8 for further details. 5. As at the date of this Prospectus, it is proposed that 1,500,000 Management Performance Rights will be issued to Ms Fleta Solomon and Mr Angus Caithness, each, subject to Shareholder approval, prior to Admission. Refer to Section 11.9 for further details.	Section 11.15
What significant benefits and interests are payable to Directors and other persons connected with the Company?	Directors are entitled to salary and fees on commercial terms as detailed in Section 11.16. The Directors will receive the following payments and Shares upon Admission: • Fleta Solomon – $100,000 • Angus Caithness – $100,000 • Michael Lynch-Bell – 250,000 Shares, subject to Shareholder approval • Neale Fong – 125,000 Shares, subject to Shareholder approval Advisers and other service providers are entitled to fees for services and other interests as details in Section 11.17.	Sections 4, 11.16 and 11.17

1. Investment Overview

<table>
<tr><th>Topic</th><th>Summary</th><th>More Information</th></tr>
<tr><td>Who are the substantial Shareholders and what will their interests be at Completion?</td><td>Those Shareholders holding an interest in 5% or more of the Shares on issue as at the date of this Prospectus are as follows:

<table><tr><th>Name</th><th>Number of Shares</th><th>Percentage of Shares</th></tr><tr><td>Elixxer Limited</td><td>28,133,495</td><td>38.1%</td></tr><tr><td>Fleta Solomon</td><td>19,600,000</td><td>26.5%</td></tr><tr><td>Angus Caithness</td><td>4,000,000</td><td>5.4%</td></tr></table>
Based on the information known as at the date of this Prospectus, on Admission, the following persons will have an interest in 5% or more of the Shares on issue:

<table><tr><th>Name</th><th>Number of Shares</th><th>Percentage of Shares (Minimum Subscription)</th><th>Percentage of Shares (Maximum Subscription)</th></tr><tr><td>Elixxer Limited</td><td>30,816,548[1]</td><td>25.2%</td><td>23.1%</td></tr><tr><td>Fleta Solomon</td><td>19,600,000</td><td>16.0%</td><td>14.7%</td></tr></table>
1. Includes shares issued on conversion of Convertible Notes.</td><td>Section 11.20</td></tr>
<tr><td>What contracts and/or arrangements with related parties is the Company a party to?</td><td>No material transactions with related parties and Directors' interests exist other than those disclosed in the Prospectus.</td><td>Section 11.18</td></tr>
<tr><td>What escrow arrangements will be in place at the completion of the Offer?</td><td><table><tr><th>Shares subject to ASX Imposed restrictions[1] (24 months post listing)</th><th>Shares subject to ASX Imposed restrictions[1] (12 months from date of issue)</th><th>Shares subject to Voluntary Escrow[2] (6 months post listing)</th><th>Total Shares subject to restriction or escrow</th></tr><tr><td>57,324,721</td><td>10,806,717</td><td>12,816,627</td><td>80,948,065</td></tr></table>
1. This is an indicative number and the total number of Shares subject to ASX imposed restrictions will be announced prior to the Shares commencing trading on ASX.
2. The voluntary escrow arrangements are for a period of 6 months from the date of Admission.

Pursuant to the above, the total number of 80,948,065 Shares that are expected to be subject to either voluntary or ASX imposed escrow restrictions represents approximately 66.2% of the Shares on Admission (assuming Minimum Subscription).

In addition, Adviser Options issued to the Lead Manager will be subject to ASX imposed mandatory escrow for a period of 24 months from the date of quotation of Shares on ASX in connection with the Offer.

None of the Shares issued pursuant to the Offer will be subject to any ASX imposed escrow restrictions. However, ASX may determine that certain Shares on issue prior to the Offer may be classified as restricted securities and may be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Shares (if any) are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner. The Company will announce to the ASX full details (quantity and duration) of the Shares (if any) required to be held in escrow prior to the Shares commencing trading on ASX.</td><td>Section 11.13</td></tr>
<tr><td colspan="3">F. Other Information</td></tr>
<tr><td>How can I obtain further information?</td><td>Further information can be obtained by reading this Prospectus and consulting your professional advisors. You can contact the Offer Information Line on 1300 140 291 (within Australia) and +61 3 9415 4277 (international) between 8.30am and 5.30pm (AEDT), Monday to Friday during the Offer period.</td><td>Corporate Directory</td></tr>
</table>

2. Industry Overview

2. Industry Overview

Market Report

The Medicinal Cannabis Market

1. Overview

This report describes the medicinal cannabis market, specifically in five countries (Australia, Canada, Germany, UK and USA). This report has been commissioned from Frost & Sullivan by Little Green Pharma Ltd (**LGP** or **the Company**).

All currency quoted in this report is in Australian dollars ($) unless specified.

1.1 Definition of Medicinal Cannabis

Medicinal cannabis is defined as cannabis products used under recommendation by a medical professional for a defined medical condition ("cannabis-based medicines").

Medicinal cannabis products are provided in the form of either prescription (Rx) pharmaceuticals licensed by a regulatory body, prescribed by a physician and dispensed in a pharmacy; or controlled and standardised plant-based products recommended/authorised by a physician and supplied through some form of special access process by licensed producers. These latter products are generally categorised as "unlicensed" or "unapproved" medicines by regulatory agencies, and currently form the majority of the medicinal cannabis market.

Whilst they have not gone through the same degree of clinical evaluation as Rx pharmaceutical products, to be authorised for medicinal use they need to be manufactured to exacting and consistent quality standards, usually defined as Good Manufacturing Practice (GMP).

A parallel, but separate, trend to the increasing availability of medicinal cannabis is the legalisation of the sale and possession of cannabis for recreational (adult) use. Currently, sale and possession of cannabis for recreational use has been legalised in Uruguay, Canada, and several US states. In some other jurisdictions (South Africa, Georgia, the Australian Capital Territory (ACT)[1]) personal possession of cannabis and growing of cannabis plants for personal use have been legalised, but not its sale. In jurisdictions where the sale of cannabis for recreational use is permitted, patients may procure cannabis products through these channels, including in situations where the product is used for medical reasons.

Over recent years, the production, sale and use of medicinal cannabis has become legalised in many countries, as its proposed benefits for a broad range of medical conditions become better understood. This trend is expected to accelerate as awareness and understanding of the benefits of medicinal cannabis increase amongst both physicians and patients.

1.2 Access to Medicinal Cannabis

There are three legal routes for supply of medicinal cannabis products:

[1] In September 2019, the ACT Legislative Assembly passed a bill legalising possessing and growing cannabis for personal use with the law coming into effect from January 31, 2020. The law allows adults to possess up to 50 grams of cannabis and to grow two plants (maximum four per household). However, the law contradicts current Commonwealth law and may be struck down by the Federal government, and does not provide for legal sale of cannabis

- As an Rx pharmaceutical available through a physician prescription;
- Through a special access scheme when authorised by a physician; or
- Through legal recreational supply channels in countries/states with legal recreational use.

The current status of access routes in each country included in this report is summarised below. Medicinal cannabis is also currently available through special access pathways in most other EU countries and most of Central and South America, as described in Section 3.

Table 1: Access to Medicinal Cannabis by Country, 2019

	Rx Prescription *	Special Access	Legal Recreational
Australia	Yes (Sativex)	Yes	No (except ACT when grown personally from 2020)
Canada	Yes (Sativex)	Yes	Yes
Germany	Yes (Sativex)	Yes	No
UK	Yes (Sativex, Epidyolex)	Yes	No
USA	Yes (Epidiolex)	Yes	Yes – certain states

Source: Frost & Sullivan, *excludes synthetic cannabinoid medicines

The use of cannabis-based products as Rx pharmaceuticals is currently very limited, and accounts for a very small part of the broader medicinal cannabis market, estimated to be used by less than 20,000 patients[2] out of several million users of medicinal cannabis worldwide.

There are only two currently marketed licensed Rx pharmaceutical products derived from cannabinoids from cannabis plants:

- **Nabiximols,** marketed as Sativex (GW Pharmaceuticals), an oromucosal spray of a formulated extract of the cannabis sativa plant that contains two cannabinoids (THC and CBD) in a 1:1 ratio, as well as specific minor cannabinoids and other non-cannabinoid components, and which has been launched in over 25 countries.[3] It is indicated for multiple sclerosis (MS) spasticity and chronic non-cancer pain.
- **Cannabidiol,** marketed as Epidiolex (GW Pharmaceuticals), an oral solution for the treatment of seizures associated with rare and severe forms of epilepsy, Lennox-Gastaut syndrome and Dravet syndrome, approved by the US FDA in June 2018.[4] As of August 2019, it had been used by over 12,000 patients.[5] It is expected to be launched (as Epidyolex) in the EU in Q4 2019, having received authorisation from the European Medicines Agency (EMA) in September 2019[6], and approval for use by the National Health Service (NHS) in England in November 2019.[7]

Additionally, two licensed Rx pharmaceutical products marketed under three brand names using synthetic cannabinoids are available – **dronabinol**, marketed as Marinol (Abbvie) and Syndros (Insys), for chemotherapy-induced nausea and vomiting (CINV), and **nabilone**, marketed as

[2] Frost & Sullivan estimate
[3] https://www.gwpharm.com/products-pipeline/sativex-delta-9-tetrahydrocannabinol-and-cannabidiol
[4] https://www.fda.gov/NewsEvents/Newsroom/PressAnnouncements/ucm611046.htm
[5] http://ir.gwpharm.com/news-releases/news-release-details/gw-pharmaceuticals-plc-reports-financial-results-and-1
[6] https://www.ema.europa.eu/en/medicines/human/EPAR/epidyolex
[7] https://www.bbc.com/news/health-50351868

2. Industry Overview

Cesamet (Meda Pharmaceuticals), for use by patients with CINV who did not respond to traditional medications. Whilst these are licensed Rx cannabinoid therapies, they are not derived from the cannabis plant itself so are not included in the definition of medicinal cannabis products.

Plant-based medicinal cannabis products are often viewed as more efficacious than products using synthetic cannabinoids, due to the "entourage" effects of various cannabinoids working synergistically.[8]

Current licensed Rx cannabinoid therapies are therefore summarised below.

Table 2: Licensed Rx Pharmaceutical Cannabinoid Therapies, 2019

Product	Brand(s)	Formulation	Approved Indications	Availability
Nabiximols	Sativex (GW Pharmaceuticals)	Extract of cannabis (oil): THC and CBD, taken as a sublingual spray	MS spasticity, chronic non-cancer pain	Available in >25 countries, currently excluding US
Cannabidiol	Epidiolex/Epidyolex (GW Pharmaceuticals)	Extract of CBD taken orally	Treatment of seizures associated with rare and severe forms of epilepsy, Lennox-Gastaut syndrome and Dravet syndrome	Currently US, EU commercialisation likely in Q4 2019
Dronabinol	• Marinol (Abbvie) • Syndros (Insys)	• Synthetic delta-9-THC, taken as a capsule • Synthetic oral solution	CINV, loss of appetite (anorexia) in people with AIDS	North America
Nabilone	Cesamet (Meda Pharmaceuticals)	Synthetic cannabinoid similar to THC, taken as a capsule	CINV	North America

Sources: Company websites

Additionally, a significant number of drugs for activating the endocannabinoid (eCB) system are currently in the development stage, including products being developed by major pharmaceutical companies such as Astra Zeneca, Eli Lilly and J&J directly or through partnerships.

The limited current availability of licensed Rx pharmaceuticals derived from the cannabis plant is largely a result of historical restrictions on clinical research and a lack of understanding of the endocannabinoid system and its regulatory function in health and disease.

Cannabis for medical use is therefore mainly supplied in the form of unapproved cannabis plant products whose cultivation, manufacture, distribution and consumption has been licensed by the appropriate national regulatory body. Companies producing medicinal cannabis under this type of authority are known as licensed producers (LPs). This report focuses on the market for this form of medicinal cannabis product.

[8] Russo, Taming THC: potential cannabis synergy and phytocannabinoid-terpenoid entourage effects, British Journal of Pharmacology (2011) 163 1344–1364

1.3 History of Cannabis use for Medicinal Purposes

The use of cannabis for medicinal purposes is believed to stretch back over 1,000 years,[9] and it was widely used as a medicine during the 19th and early 20th centuries. Since the early 20th century, cultivation, manufacture, sale and possession of cannabis has been increasingly controlled and restricted both internationally and nationally, and sale and possession of cannabis has been illegal since the mid-20th century in most jurisdictions.

However, since the 1990s, the use of cannabis for medicinal purposes has become increasingly accepted. A growing number of countries have authorised medical use of cannabis, and now provide legal mechanisms by which patients may access cannabis products for approved medical indications.

1.4 Main Properties of Cannabis

Cannabis contains a number of active compounds, or cannabinoids, that act on cannabinoid receptors in cells located in the brain and nervous systems of the human body. The eCB system of the human body is involved in the regulation of neurotransmitters. In turn, neurotransmitters regulate physiological processes such as appetite, pain and mood. Cannabinoid compounds play a role in the improvement of many disorders while also serving a protective function in certain medical conditions.[10] The therapeutic potential of the endocannabinoids has been extensively studied in diseases and conditions such as MS, pain, anxiety, CINV, and cachexia. For example, it is well established that cannabinoid compounds improve neurological deficits associated with neuronal damage attenuated with the MS disease process.[11]

The two most prevalent cannabinoids are tetrahydrocannabinol, or THC, which is responsible for the euphoric feeling generally resulting from cannabis consumption; and cannabidiol, or CBD, which has antipsychotic effects without the intoxicating effect of THC.[12] Both have medicinal benefits, and various formulations of THC and CBD are created to produce a variety of applications. In addition to these main cannabinoids, there are many others that are being researched for their potential effectiveness in a range of medical conditions, including in combination with THC and CBD as antagonists and enhancers of efficacy.[13]

1.5 Administration and Formulations

The method of administration affects the onset and intensity of effects. Medicinal cannabis products are typically supplied in the form of sprays, oils, drops, capsules or flos, where the user may ingest the product directly or add it, for example, to food products. Smoking or vaporisation of cannabis is less frequently recommended as an administration route for patients, however this treatment option remains prevalent in many markets, particularly when a rapid effect is required. Oral administration is most commonly recommended for conditions where control of symptoms over a long time period is required, and, because doses can be more specifically controlled, is preferred for many medicinal applications.

[9] Early medical use of cannabis., Zias J, Stark H, Sellgman J, Levy R, Werker E, Breuer A, Mechoulam R, Nature. 1993 May 20; 363(6426):215

[10] Kaur R, Ambwani SR, Singh S. Endocannabinoid system: A multi-facet therapeutic target. Curr Clin Pharmacol. 2016;11:110–117

[11] Baker D et al, "The Endocannabinoid system and multiple sclerosis" Curr Pharm Disease (2008); 2326-36.

[12] https://www.projectcbd.org/science/cbd-really-non-psychoactive

[13] Ackrell Capital, Cannabis Investment Report, 2016

2. Industry Overview

1.6 Main Market Drivers & Restraints

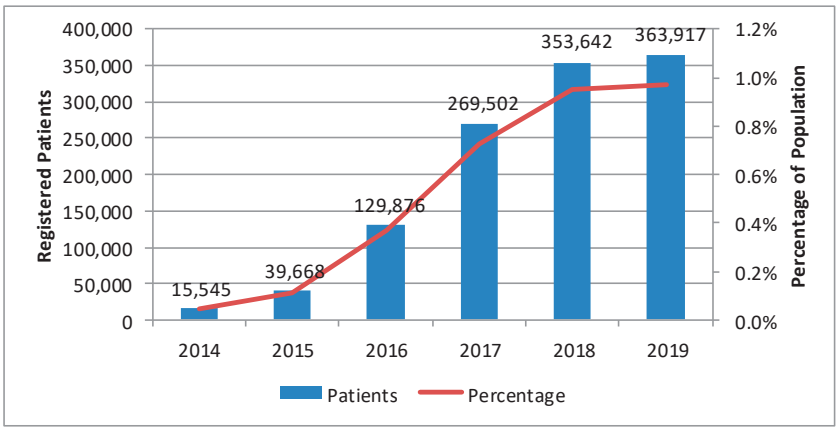
A number of factors are combining to stimulate the medicinal cannabis industry. These are summarised below.

1.6.1 Increasing Number of Countries with Legal Frameworks for Medicinal Cannabis

As described in section 3, an increasing number of countries are introducing legal frameworks that allow for the cultivation, manufacture, sale and consumption of cannabis products under appropriate licensing arrangements. This has significantly increased the availability of medicinal cannabis, and has stimulated the number of patients and authorisers. Over the past two-to-three years alone, countries including Germany, UK and Australia have introduced legislated legal frameworks for medicinal cannabis. Over time, consumption will be further stimulated as medicinal cannabis becomes available in additional countries.

An example of how the establishment of a legal framework stimulates consumption is Canada, where the number of registered patients has increased from 15,545 in Q4 2014 to almost 364,000 in Q2 2019.[14] This follows the enactment of regulations in 2014 which significantly increased access to medicinal cannabis. As a percentage of the population, the number of registered users has increased from 0.04% in 2014 to 1% in 2019.

Figure 1: Registered Medical Cannabis Patients, Canada, 2014 to 2019



Source: Government of Canada, accessed from https://www.canada.ca/en/health-canada/services/drugs-health-products/medical-use-marijuana/licensed-producers/market-data.html. Data is at Q4 each year except 2019 (Q2). Population data is taken from Statistics Canada, Canada's Population Estimates as at Q4 each year except 2019 (Q2).

1.6.2 Government Support for Medicinal Cannabis Industry Development

In jurisdictions with regulatory frameworks for medicinal cannabis, governments are often acting to stimulate the development of an industry which is seen as offering opportunities for local economic growth and export opportunities. An example is the Australian state of Victoria, which has developed an industry development plan for medicinal cannabis designed to promote Victoria as the Australian hub for medicinal cannabis innovation, with the objective of creating up to 500 new jobs and adding an economic contribution of A$90 million per year to the state by 2028.[15]

[14] Government of Canada, accessed from https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/research-data/medical-purpose.html

[15] Government of Victoria, Medicinal Cannabis Industry Development Plan, January 2018

1.6.3 Increasing Clinical Evidence for Efficacy of Cannabis in Additional Conditions

In addition to the indications mentioned above, there is increasing clinical evidence of the efficacy of cannabinoid therapy in a number of other health conditions. These include Alzheimer's disease[16], arthritis[17], diabetic peripheral neuropathy[18], and anxiety & depression[19]. In Australia, the Therapeutic Goods Administration (TGA) has to date issued guidance documents for the use of medicinal cannabis for MS, palliative care, epilepsy, CINV and chronic non-cancer pain.[20] Increased evidence of clinical efficacy in these and other conditions will also act to stimulate recommendation and use of medicinal cannabis. A significant number of clinical trials utilising medicinal cannabis products for a wide range of health conditions are currently underway, with 35 medicinal cannabis trials listed in November 2019 on ClinicalTrials.gov (includes trials not yet recruiting, recruiting, enrolling and active).[21]

1.6.4 Increasing Consumer Awareness of Medicinal Cannabis

Over recent years, medicinal cannabis has become widely publicised in both mainstream and social media, leading to greater consumer awareness of its potential benefits for a range of health conditions. Whilst consumers cannot generally access cannabis directly (except through illicit channels or in markets where recreational use is legal), this is leading to increased discussions with physicians as to whether medicinal cannabis may be appropriate for an individual patient.

At the same time, a number of restraints are acting to hold back the growth in use of medicinal cannabis:

1.6.5 Lack of Awareness in the Medical Profession

Unlike Rx pharmaceuticals, which are detailed to physicians by pharmaceutical sales forces, direct promotion of medicinal cannabis products to physicians (except for licensed medicines such as Sativex) is not allowed in most jurisdictions, meaning individual clinicians or even patients are required to inform themselves of the potential of the product to treat specific health conditions. Physicians have not generally received any training on cannabis through their medical education due to its historic illegal status. Additionally, the process by which the supply of medicinal cannabis products to individual patients occurs can be complicated and may not be fully transparent to clinicians. This means that current awareness of medicinal cannabis and prescribing routes is generally low amongst the medical profession, often leading to reluctance to authorise.

1.6.6 Restrictions on Authorisations

Unlike Rx pharmaceuticals which can be prescribed by any physician, authorisations to prescribe non-Rx medicinal cannabis products are often restricted, either to specific groups of physicians or to those who have applied for and been granted authority. This can make it difficult even for clinically-relevant patients to gain authorised access to medicinal cannabis products.

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[16] Eubanks et al, A molecular link between the active component of marijuana and Alzheimer's disease pathology, Mol Pharm. 2006 Nov-Dec;3(6):773-7

[17] Croxford et al, Cannabinoids and the immune system: potential for the treatment of inflammatory diseases? J Neuroimmunol. 2005 Sep;166(1-2):3-18

[18] Wallace et al, Efficacy of Inhaled Cannabis on Painful Diabetic Neuropathy, J Pain. 2015 Jul;16(7):616-27. doi: 10.1016/j.jpain.2015.03.008. Epub 2015 Apr 3

[19] Whiting et al, Cannabinoids for Medical Use: A Systematic Review and Meta-analysis, JAMA. 2015 Jun 23-30;313(24):2456-73. doi: 10.1001/jama.2015.6358

[20] https://www.tga.gov.au/medicinal-cannabis-guidance-documents

[21] https://clinicaltrials.gov/

2. Industry Overview

1.6.7 Lack of Reimbursement for Patients

In most developed countries, many medicines are partially or fully-reimbursed by governments and/or health insurers, providing access to medicines that could otherwise be unaffordable for many patients. However, medicinal cannabis products have generally not been approved for reimbursement, with some exceptions, such as in Germany via health insurance,[22] Canada via Veterans Affairs[23] or some US states via health insurance or Workers Compensation Boards.[24] Even a licensed product such as Sativex, for example, was only made available through the National Health Service (NHS) in the England very recently[25], and is still not available through the Pharmaceutical Benefits Scheme (PBS) in Australia[26], meaning that patients have to pay out-of-pocket. The lack of reimbursement for medicinal cannabis products is likely to act as a further barrier to uptake.

2. Scientific & Medical Overview

2.1 Main Medical Conditions for use of Cannabis

Overall, cannabinoid therapy is seen as a highly promising area of therapy for a broad range of medical conditions. In the US, for example, over 40 conditions are currently indicated for medicinal cannabis use across the various states with regulatory access schemes.[27]

Approved Indications

The medical conditions for which medicinal cannabis is currently indicated by country are summarised below. In addition to these listed conditions, in most countries physicians may generally also apply for access to medicinal cannabis for patients with additional conditions that they believe may be supported by cannabis use.

Australia: the Australian TGA does not impose any restrictions on the indication(s) for which a health practitioner may apply to access an unapproved medicinal cannabis product for his/her patient. So far, there are over 50 conditions for which applications have been approved, with pain (including chronic, cancer and neuropathic), anorexia, epilepsy, nausea, seizure management and spasticity accounting for the largest number of approvals.[28]

Canada: following the passage of the Cannabis Act, patients may access cannabis products for any reason without authorisation. Previously, authorisation was required, and was available for any condition which a medical professional considered would benefit from cannabis use. Health Canada has developed an extensive list of conditions for which some evidence of the benefits of cannabis is available.

Germany: licensed physicians can submit an application for supply of medicinal cannabis for any condition where they believe it will be beneficial and existing therapies are not effective. So far, the main conditions for which applications have been approved (by number of patients) are pain, attention deficit hyperactivity disorder (ADHD), MS spasticity and palliative care.

UK: any patient with a medical condition where there is clear published evidence of benefit, and where alternative treatment options have been exhausted, is potentially eligible for unlicensed cannabis medicine. Early professional guidance focuses on CINV, pain, MS spasticity and

[22] https://www.thelocal.de/20190308/two-years-since-legalization-germans-still-face-hurdles-accessing-medical-marijuana
[23] https://www.veterans.gc.ca/eng/about-vac/legislation-policies/policies/document/2461
[24] https://www.natlawreview.com/article/availability-medical-insurance-coverage-medical-cannabis-patients
[25] https://www.bbc.com/news/health-50351868
[26] http://www.emergehealth.com.au/news/media-release-sativex-nabiximols-now-available-in-australia-for-ms-spasticity
[27] https://www.leafly.com/news/health/qualifying-conditions-for-medical-marijuana-by-state
[28] https://www.tga.gov.au/sites/default/files/foi-925-1819-01.pdf

paediatric epilepsy, and it is these conditions which currently are seen as most suitable for medicinal cannabis products.[29]

USA: a wide range of qualifying conditions to become a medicinal cannabis patient are listed for each US state that has enacted medicinal cannabis access laws. States do differ with regard to what uses are approved. Even beyond qualifying conditions, medical practitioners may apply for access on behalf of patients for other conditions that in their judgement might be helped by medicinal cannabis.

Table 3: Approved Indications for Medicinal Cannabis by Country, 2019

Condition	Australia	Canada	Germany	UK	USA
ADHD	√		√		
Alzheimer's Disease	√	√			√
Anorexia / wasting	√	√			√
Anxiety	√	√			√
Arthritis (severe)	√	√			√
Asthma		√			
Autism Spectrum Disorder					√
Cachexia (wasting syndrome)	√	√	√		√
Cancer, including tumour pain	√	√			√
Cerebral Palsy					√
Colitis (ulcerative)		√			√
Crohn's Disease		√			√
Cystic Fibrosis					√
Depression	√	√	√		
Dravet Syndrome					√
Dyskinesia	√				
Epilepsy	√	√	√	√	√
Fibromyalgia	√	√			√
Glaucoma		√			√
Glioblastoma	√				
Glioma	√				
Hepatitis C					√
HIV/AIDS		√			√
Huntington's Disease		√			√
Inflammatory Bowel Disease		√			√
Lou Gehrig's Disease					√
Lupus					√
MS	√	√	√	√	√
Nausea, including CINV	√	√		√	√
Palliative care	√	√	√		√
Pain (chronic/ acute)	√	√	√		√
Pancreatitis (chronic)		√			√
Parkinson's Disease	√	√			√
PTSD	√	√			√
Sleep Disorders	√	√			
Schizophrenia / Psychosis		√			
Spasticity	√	√		√	√
Tourette's Syndrome	√	√	√		√

[29] https://www.thecmcuk.org/patient-access

2. Industry Overview

Canada: based on conditions for which Health Canada considers clinical evidence is available, Health Canada, Information for Healthcare Professionals, 2013

France: based on conditions recommended for medicinal cannabis use by ANSM https://ansm.sante.fr/S-informer/Points-d-information-Points-d-information/Cannabis-therapeutique-en-France-l-ANSM-publie-les-premieres-conclusions-du-CSST-Point-d-Information

Germany: conditions are the principal ones for which insurance reimbursement has been authorised (by number of patients), sourced from Socium/Universtat Bremen, Cannabis Report, 2018

Italy: conditions are those listed in the Official Gazette, n. 279 from 30-11-2015

UK: conditions are those which the NHS states medicinal cannabis may be prescribed for, https://www.nhs.uk/conditions/medical-cannabis/

USA: accessed from https://www.leafly.com/news/health/qualifying-conditions-for-medical-marijuana-by-state and state-based medicinal cannabis acts

2.2 Prevalence of Main Conditions for Medicinal Cannabis

As listed above, cannabis is indicated for a broad range of medical conditions, with this list likely to increase as clinical trials and other research assess the potential benefits of cannabis-based therapies in a wider range of conditions. The prevalence of some of the main conditions (by patient numbers) for which cannabis is currently indicated is summarised below. Cumulatively, the prevalence of these conditions exceeds 45% of the population (although there may be some overlap between patient groups).

Table 4: Prevalence of Main Conditions Indicated for Cannabis, 2018

Condition	Estimated Prevalence (% of population)	Comments
Anxiety	8-21%	Based on large-scale global surveys, the 12-month prevalence of anxiety-related disorders ranges from 8-21%.[30]
CINV	0.5%	45% of patients undertaking chemotherapy present with CINV.[31] Around 2% of the Australian population is suffering from cancer, though not all will receive chemotherapy.[32]
Epilepsy	0.6%	Point prevalence of epilepsy about 6.38/1,000 population based on 222 global studies.[33]
Insomnia	20%	Around 20% of adults suffer symptoms of insomnia, of which 8.1% regularly use doctor-prescribed sleep medications.[34]
MS Spasticity	0.2%	Prevalence of MS is around 0.2-0.3% of the population.[35] Around 65% of MS patients suffer from spasticity.[36]
Pain (chronic/acute)	10%	11% of US adults suffer daily/chronic pain.[37] Around 10% of Australian adults suffer severe/very severe bodily pain.[38]
Wasting (cachexia)	1%	Wasting is typically a co-morbidity of diseases such as HIV/AIDS, cancer, tuberculosis, etc. Globally, the prevalence of cachexia is estimated at 1%.[39]

Sources: academic articles and reports as cited

[30] Bandelow et al, Epidemiology of anxiety disorders in the 21st century, Dialogues Clin Neurosci. 2015 Sep; 17(3): 327–335
[31] Escobar et al, Incidence of chemotherapy-induced nausea and vomiting with moderately emetogenic chemotherapy: ADVICE (Actual Data of Vomiting Incidence by Chemotherapy Evaluation) study, Support Care Cancer. 2015; 23(9): 2833–2840
[32] ABS, National Health Survey, First Results, 2017-18
[33] Fiest et al, Prevalence and incidence of epilepsy: A systematic review and meta-analysis of international studies, Neurology. 2017 Jan 17;88(3):296-303
[34] University of Adelaide, Report to the Sleep Health Foundation 2016 Sleep Health Survey of Australian Adults
[35] Wallin et al, The prevalence of MS in the United States, Neurology, March 05, 2019; 92 (10)
[36] Oreja-Guevara, Spasticity in multiple sclerosis: results of a patient survey, Int J Neurosci. 2013 Jun;123(6):400-8
[37] Nahin, Estimates of Pain Prevalence and Severity in Adults: United States,2012, The Journal of Pain, Vol 16, No 8 (August), 2015: pp 769-780
[38] ABS, 4841.0 - Facts at your Fingertips: Health, 2011
[39] https://society-scwd.org/cachexia/

3. Regulatory Status

3.1 Overview

Historically, cannabis has been illegal in most countries, largely resulting from the International Opium Convention of 1925 which applied the international drug control system to cannabis, particularly in restricting the export of cannabis (known in the Convention as Indian Hemp) without a government certificate.[40] Currently three United Nations (UN) conventions describe the basic framework for controlling the production, trade and possession of over 240 psychoactive substances (most of which have a recognised medical use), including cannabis. The UN conventions specify that the use of all drugs (under control) must be restricted to medical and scientific purposes. The conventions further specify that unauthorised actions, such as possession, acquisition, distribution or offering for sale, must be punishable offences, and that serious offences should be punished by the deprivation of liberty.

The United Nations Single Convention on Narcotic Drugs (SCND) of 1961 established the framework which countries are required to follow when developing a cannabis programme. Article 28 of the 1961 Convention outlines a system of controls that are needed if a country decides to permit the cultivation of cannabis that is not for industrial or horticultural purposes, while the 1971 Convention on Psychotropic Substances controls THC.[41] Additionally, the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988 outlines mechanisms for the legal and controlled international distribution of cannabis.[42]

International law does not prevent cannabis, or cannabis-based products, being used to treat defined medical conditions. According to the UN conventions, the drugs under international control should be limited to 'medical and scientific purposes'. Today, consistent with these conventions, most countries currently have some form of legal controls over cannabis, but legislation differs widely by country, and within countries different regulations can apply at state level. Legislation broadly covers the cultivation, transport, sale and possession of cannabis, with the most restrictive regulations making all these aspects of the cannabis trade illegal.

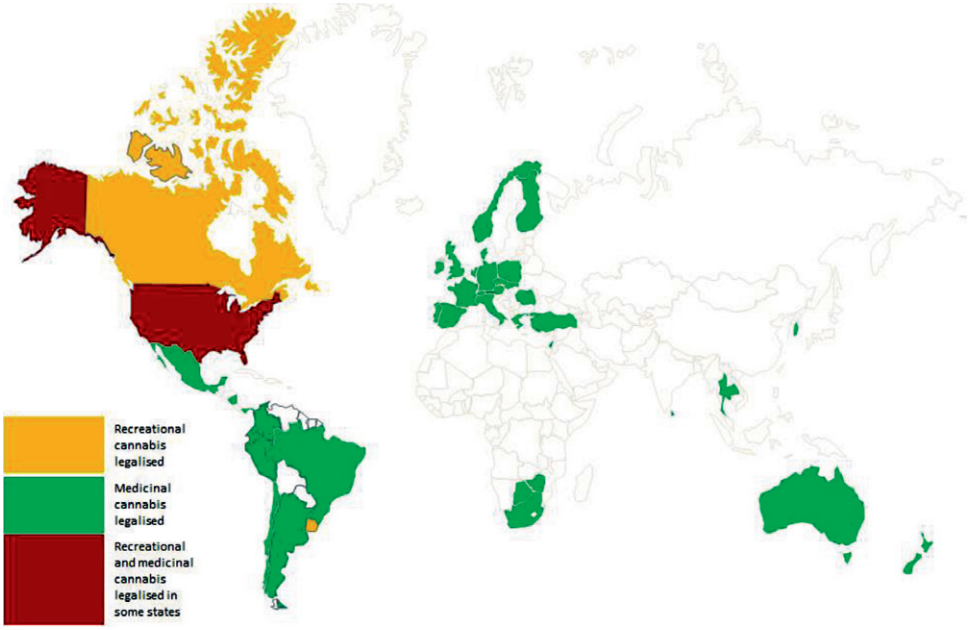
The SCND provides that countries may develop a national cannabis agency to manage the use of cannabis for legitimate medicinal and scientific purposes. Since the early 2000s, a growing number of countries have established legal frameworks for medicinal cannabis, which can involve the legalisation of cultivation, production, manufacturing, import and export of cannabis and cannabis products under appropriate regulatory frameworks. Over 40 countries have now introduced regulatory frameworks for medicinal cannabis.

Statistics on licit cannabis production by country are collated by the UN. In 2017, total global production was approximately 406,000 kg (an increase of almost 200,000 kg on 2016).[43] Given the significant ongoing expansion of medicinal cannabis production, the global production volume for 2018 when published is likely to be significantly higher.

[40] https://www.unodc.org/documents/wdr/WDR_2008/WDR2008_100years_drug_control_league.pdf
[41] European Monitoring Centre for Drugs and Drug Addiction (2017), Cannabis legislation in Europe: an overview, Publications Office of the European Union, Luxembourg
[42] Prohibition Partners, Medical Cannabis in Europe, the GMP Standards Guide, 2018
[43] INCB, Narcotic Drugs, 2018

2. Industry Overview

Figure 2: Countries with Legal Frameworks for Medicinal Cannabis, 2019



3.2 Australia

Only one cannabis product (Sativex) has been registered as a medicine in Australia, and is not subsidised through the Pharmaceutical Benefit Scheme (PBS), meaning patients need to pay the full cost of the drug. However, since 2016 additional cannabis products have also been made available to authorised patients when approved by the Therapeutic Goods Administration (TGA).

The TGA regulates the manufacturing, quality, safety and efficacy of medicines in Australia. Regulated medicines in Australia are commonly listed on the Australian Register of Therapeutic Goods (ARTG), with only Sativex currently registered on the ARTG. Sativex may be prescribed through normal pharmaceutical prescriptions by a medical practitioner and dispensed at a pharmacy.

The TGA also grants access to non-ARTG registered medicinal cannabis products through the "Special Access Scheme" (SAS) or "Authorised Prescriber" arrangements.

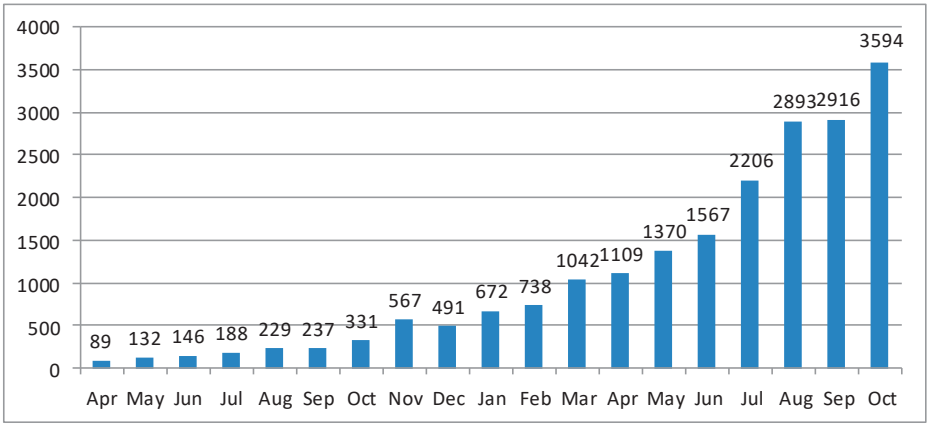
The SAS pathway provides for the import and/or supply of an unapproved therapeutic good for a single patient, on a case by case basis.[44]

Additionally, a medical practitioner may be granted authority to become an 'Authorised Prescriber' of a specified unapproved therapeutic good (or class of unapproved therapeutic goods) to specific patients (or classes of recipients) with a particular medical condition. As at January 2019, there are 54 authorised prescribers, who may prescribe cannabis products without use of the SAS.[45]

[44] https://www.tga.gov.au/access-medicinal-cannabis-products-1
[45] Ibid

Up to October 2019, the TGA has approved over 20,300 SAS applications for unapproved medicinal cannabis products, with the number of approvals increasing from 89 in April 2018 to 3,594 in October 2019.[46] This understates the number of patients receiving authorised medicinal cannabis products since it does not include patients who may be receiving medicinal cannabis products through the Authorised Prescriber Scheme, those accessing products through licensed trials or patients who are receiving Sativex.

Figure 3: Special Access Scheme Approvals, Australia, April 2018 to October 2019



Source: https://www.tga.gov.au/access-medicinal-cannabis-products-1

Previously, cannabis and THC were listed under Schedule 9 of the Standard for Uniform Scheduling of Medicines and Poisons (SUSMP) contained within the Poisons Standards by the TGA, which made them a prohibited substance and limited their use solely to scientific or analytical purposes. However, since October 2016 a new Schedule 8 has been created for medicinal cannabis for human therapeutic use (and when cultivated, manufactured or otherwise produced within the requirements of the *Narcotic Drugs Act*).

State and territory governments also have a role in regulation of medicinal cannabis since they manage medicine scheduling and determine how controlled drugs, including medicinal cannabis, may be authorised for use by specified patient groups in their jurisdiction. The current status of regulation relating to medicinal cannabis in Australian states and territories is summarised below.

Table 5: Medicinal Cannabis Regulation by State/Territory, Australia, 2019

State	Comments
Australian Capital Territory (ACT)	Under the ACT Controlled Medicines Prescribing Standards, medicinal cannabis can be approved for patients with conditions including CINV and MS spasticity. Prescribers must have approval from the ACT Chief Health Officer (CHO) and from the TGA to prescribe medicinal cannabis as a controlled medicine
New South Wales (NSW)	Medical practitioners may apply to NSW Health for authority to prescribe and supply cannabis-based products that are not on the ARTG, in appropriate circumstances. This follows the passing of the *Poisons and Therapeutic Goods Amendment (Designated Non-ARTG Products) Regulation 2016*
Northern Territory	A patient living in the NT must access medicines containing cannabinoids through a NT doctor

[46] https://www.tga.gov.au/access-medicinal-cannabis-products-1

2. Industry Overview

State	Comments
(NT)	who is authorised under the Special Access or Authorised Prescriber Schemes
Queensland (QLD)	The *Health (Drugs and Poisons) Regulation 1996 (HDPR)* was amended in 2015 and 2016 to allow medical practitioners to prescribe cannabis products for defined classes of patients. In April 2019, the *Public Health (Medicinal Cannabis) Act 2016* was repealed, with new legislation introduced to remove state-based approval
South Australia (SA)	From 1 November 2016, medical practitioners in South Australia can legally prescribe medicinal cannabis products with Commonwealth approval and relevant State approval for the purposes of South Australian Controlled Substances legislation
Tasmania (TAS)	The Tasmanian Government has introduced a controlled access scheme (CAS) which allows unregistered cannabinoid products to be prescribed in situations where conventional treatment has been unsuccessful
Victoria (VIC)	The *Access to Medicinal Cannabis Act 2016* allows the supply of medicinal cannabis products for approved medical conditions, and also allows for the lawful manufacture of medicinal cannabis products
Western Australia (WA)	Cannabis-based products may be provided under authorisation from the WA Department of Health

Sources: State/Territory Health Department's websites

Cultivation, production and manufacturing of medicinal cannabis products in Australia has been legalised, and subject to a regulatory framework under the *Narcotic Drugs Amendment Act, 2016* which received royal assent in February 2016. Medicinal cannabis is regulated at both Commonwealth and state/territory level. The federal Department of Health regulates medicinal cannabis products through the Office of Drug Control (ODC), which grants licenses for medicinal cannabis. Three types of licenses are available:

- Medicinal cannabis licence authorising cultivation or production or both;
- Cannabis research licence authorising similar process for research purposes; and
- Manufacturing licence authorising the manufacture of a drug or product.[47]

As of December 2019, 20 enterprises are listed as holding medicinal cannabis licenses by the ODC, but since licensees may request anonymity this may not be a complete list.[48] Before any activity under a licence can commence, the licensee will need to obtain a permit, which will set out the types and amount of cannabis that can be grown and/or produced and the types and quantities of medicinal cannabis products that can be manufactured under the licence.[49] Few permits have been granted to date, meaning imports are a major source of medicinal cannabis supply in Australia. Requirements to obtain a license include a requirement for applicants to demonstrate that they and any relevant business associates are 'fit and proper persons', which will involve consideration of the applicant's criminal history, financial viability, business history and capacity to comply with licensing requirements.[50]

Imports

The ODC also grants licenses for the importation of finished medicinal cannabis products, with a permit required prior to each importation. Various requirements exist for a license to be granted, including storage and security of products, and record-keeping. An import license and permit is also required for the importation of nursery stock or cuttings to be used in the cultivation of medicinal cannabis, and for extracts and raw materials used in the production and manufacture

[47] https://www.odc.gov.au/manufacturers-1
[48] ODC, accessed from https://www.odc.gov.au/summary-licences-granted
[49] Ibid
[50] https://www.odc.gov.au/qa

of medicinal cannabis products. The ODC has also stated that imports to Australia are only likely to be permitted until an Australian domestic industry has been established.[51]

Imports are only permitted from countries where products are manufactured to an appropriate standard; and the product is supplied to patients in the country of its manufacture, and is not manufactured solely for export to other markets. The countries that demonstrate compliance to the above principles currently include Canada, Germany, the Netherlands, Switzerland and Israel.[52]

Exports

The export of medicinal cannabis products from Australia was legalised in February 2018 through the federal *Narcotic Drugs Amendment (Cannabis) Regulations 2018*. The primary driver for the legalisation of exports is to enhance the viability of the medicinal cannabis industry within Australia through development of scale, in turn improving supply of medicinal cannabis for Australian patients.[53] It allows Australian producers to access overseas markets where importation is legal.

Requirements for the permission of exports of cannabis products under the regulations include that:

- It is done under a licence and a permit issued by the ODC under the *Customs (Prohibited Exports) Regulations 1958*. Exporters are required to have an export license issued by the ODC, which allows the licensee to apply for an export permit. Each individual consignment of goods requires an export permit;[54]
- It is made to countries that are willing to issue import permission and who are compliant with the *Single Convention on Narcotic Drugs, 1961*;
- It is manufactured in Australia under a Good Manufacturing Practice (GMP) license; and
- The product is listed as export-only or registered for domestic supply in the ARTG.[55]

3.3 Canada

In Canada, access to medicinal cannabis has been available since 2001. Canada is one of the world's most established markets for medicinal cannabis, and also the best documented.

Up until 2014, only a single strain of medicinal cannabis was legally accessible in Canada, and this limited the market as this strain was ineffective for many patients. However, more recently access to medicinal cannabis has been extended, providing a significant boost to the industry. The Marijuana for Medical Purposes Regulations (MMPR) were enacted in 2014, superseding earlier access regulations, and were themselves superseded in 2016. The Access to Cannabis for Medical Purposes Regulations (ACMPR) came into effect in Canada in April 2016. This allows for reasonable access to cannabis for medical purposes for Canadians who have been authorised to use cannabis for medical purposes by their health care practitioner, in the form of fresh marijuana, dried marijuana or cannabis oil. Patients authorised by their healthcare practitioner can access cannabis products from a licensed producer with whom they register, or produce a limited amount of cannabis for their own use, or have someone produce it for them.

As at August 2019, 212 licenses have been granted for cultivation, processing and selling of medical cannabis.[56] In June 2019, there were almost 364,000 active client registrations at the end

[51] https://www.odc.gov.au/import-and-export
[52] https://www.tga.gov.au/access-medicinal-cannabis-products-1
[53] ODC, accessed from https://www.odc.gov.au/publications/export-medicinal-cannabis
[54] Ibid
[55] ODC, accessed from https://www.odc.gov.au/publications/export-medicinal-cannabis

2. Industry Overview

of the month (equivalent to 1% of the population).[57] Due to the legalisation of cannabis for recreational use, growth in the number of client registrations slowed significantly after September 2018, however, the National Cannabis Survey, Second Quarter 2019, indicated that in the first half of 2019 a total of 1.14 million people had used cannabis for medical reasons (equivalent to 3.0% of the total population), including 333,000 with a medical document and 812,000 without a medical document.[58]

In October 2018, the *Cannabis Act* was enacted, making Canada one of the first countries globally to legalise supply, possession and consumption of cannabis for recreational use.[59] Following this Act, new regulations have displaced the ACMPR. This means that patients seeking to access medicinal cannabis may no longer need to apply for specific authorisation when the required product is available through recreational channels, although products not available through these channels will still require physician authorisation.[60]

By allowing recreational access to cannabis, Canada is in breach of the 1961 SCND, under which countries are required to make the possession and production of narcotic drugs, including cannabis, a punishable offence, unless for authorised scientific or medical purposes, as well as the 1971 Convention on Psychotropic Substances and the 1988 Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.[61] The future impact of recreational-use legalisation on the ability of Canadian companies to export medicinal cannabis is unclear, as potentially the International Narcotics Control Board (INCB) has the ability to recommend an embargo on trade in drugs and medicines with a country that is non-compliant with the treaty obligations. For example, the Australian ODC technically only allows cannabis exports to countries that are compliant with the SCND.[62] A report issued by the Canadian Standing Senate Committee on Foreign Affairs and International Trade indicated that such an embargo is highly unlikely, and that imports and exports to/from Canada will continue to be licensed and restricted only to cannabis products for medical and scientific purposes, as allowed for under UN conventions.[63] However, the potential that medicinal cannabis exports from Canada may not be permitted remains a possibility due to non-compliance with the UN Conventions.

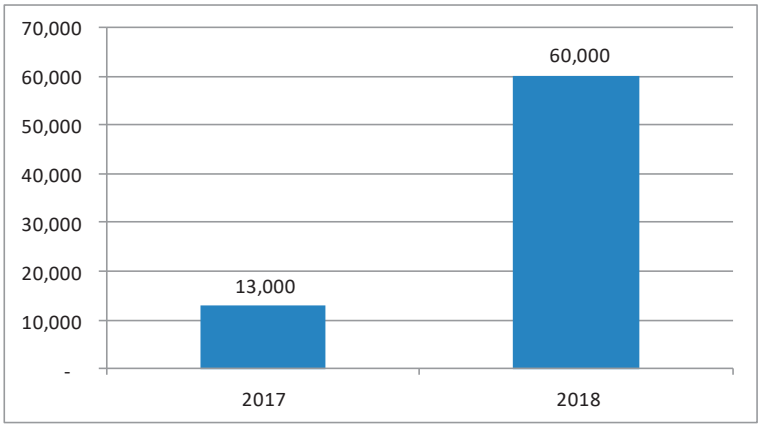
3.4 Germany

Medicinal cannabis treatment has technically been authorised since 2011, but patients needed to apply for an exemption issued by the drug and medical products agency (BfArM). The number of patients applying for an exemption was relatively low (only around 1,000). However, the market started to develop much more actively after the Bundestag passed a reform of the drug law in January 2017, allowing patients to access medicinal cannabis for therapeutic purposes through a physician prescription when there is no other treatment option, and requiring reimbursement by

[56] Government of Canada, Authorized Licensed Producers of Cannabis for Medical Purposes, accessed from https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/research-data/medical-purpose.html#a1
[57] https://www.canada.ca/en/health-canada/services/drugs-health-products/medical-use-marijuana/licensed-producers/market-data.html
[58] Statistics Canada, National Cannabis Survey, Second Quarter, 2019, accessed from https://www150.statcan.gc.ca/n1/en/daily-quotidien/190815/dq190815a-eng.pdf?st=gQrPXZfF
[59] https://www.justice.gc.ca/eng/cj-jp/cannabis/
[60] https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/medical-use-cannabis.html#_Access_to_cannabis
[61] https://sencanada.ca/content/sen/committee/421/AEFA/reports/AEFA_BILLC-45_Report_Final_e.pdf
[62] https://www.odc.gov.au/publications/export-medicinal-cannabis
[63] https://sencanada.ca/content/sen/committee/421/AEFA/reports/AEFA_BILLC-45_Report_Final_e.pdf

health insurance companies for specified conditions when no other treatment option is available to the patient (an estimated 60% of reimbursement applications are estimated to be approved).[64] Within the first year, approximately 13,000 applications for reimbursement had been received.[65] By 2018, there were an estimated 50-60,000 patients receiving medicinal cannabis through either a private (patient-funded) or insurance-reimbursed prescription.[66]

Figure 4: Number of Medicinal Cannabis Patients, Germany, 2017 to 2018



Sources: https://www.lexology.com/library/detail.aspx?g=6c803e27-4a81-49b8-bc3a-7f4c35bb6db5; https://www.thelocal.de/20190308/two-years-since-legalization-germans-still-face-hurdles-accessing-medical-marijuana

Medicinal cannabis can be prescribed by a physician licensed to prescribe narcotics, with an application submitted to the health insurer for approval (unless the patient is prepared to pay out-of-pocket). Currently, the only on-label use of medicinal cannabis is for MS, and for other conditions the application needs to prove that existing therapies are unsuccessful and that cannabis could potentially be used to treat the condition. Once approval is received, the medicinal cannabis product can be dispensed at any pharmacy that supplies the product.

The Cannabis Agency (a unit within BfArM's Division 4 (Licensing - Complementary and Traditional Medicinal Products)) is responsible for licensing all aspects of commercial trade in medicinal cannabis. To date, all medicinal cannabis products supplied to German patients have been imported, including from Aurora, Canopy Growth, Cronos Group, Wayland Group and Tilray.[67] However, the Agency has recently undertaken a tender process to award licenses to local producers, with a total tender requirement of 10,400 kg over four years. In April 2019, BfArM announced the results of the tender, with three companies being selected. Canadian companies Aurora and Aphria were awarded five lots each, and German company Demecan (a JV with Wayland Group) three lots (each lot allows the holder to grow 200 kg per year).[68] Experience in producing medicinal cannabis is likely to have been a significant factor in the tender outcome, favouring overseas companies or JV partners with this expertise.

[64] https://www.healtheuropa.eu/legalising-medical-cannabis-german-perspective/85372/
[65] https://www.lexology.com/library/detail.aspx?g=6c803e27-4a81-49b8-bc3a-7f4c35bb6db5
[66] https://www.thelocal.de/20190308/two-years-since-legalization-germans-still-face-hurdles-accessing-medical-marijuana
[67] https://mjbizdaily.com/german-imports-of-medical-marijuana-surge-in-second-quarter/
[68] https://www.deutsche-apotheker-zeitung.de/news/artikel/2019/04/04/geht-s-doch-voran-bei-cannabis-made-in-germany/chapter:all

2. Industry Overview

3.5 UK

Following the rescheduling of cannabis in October 2018 to allow its use for medical purposes under *The Misuse of Drug (Amendments) (Cannabis and Licence Fees) (England, Wales and Scotland) Regulations 2018* (the '2018 Regulations'), which amended the *Misuse of Drugs Regulations 2001*[69], physicians have been able to prescribe cannabis-based products for medicinal use, where clinically appropriate and in the best interests of patients.[70]

Under the new regime, all cannabis-based products (excluding Sativex and Epidyolex, which are already licensed Rx products) will be defined as unlicensed medicines. Prescriptions for medicinal cannabis, as with other unlicensed medicines, can only be issued by clinicians listed on the Specialist Register of the General Medical Council, on a "named patient" basis. The Department's expectation is "that cannabis-based products for medicinal use should only be prescribed for indications where there is clear published evidence of benefit or UK Guidelines and in patients where there is a clinical need which cannot be met by a licensed medicine and where established treatment options have been exhausted."[71]

However, the National Institute for Health and Care Excellence (NICE) has to date only approved Sativex and Epidyolex for use through the National Health Service (NHS) for specific and limited conditions only, with no further cannabis medicines approved pending further clinical data, and the absence of these guidelines means physicians who authorise them may be personally liable for adverse events,[72] therefore, the number of prescriptions issued to date is very low. However, a recently announced clinical trial will involve the supply of subsidised medicinal cannabis to up to 20,000 patients over a two year period.[73]

Organisations wishing to possess, supply, produce or manufacture cannabis-based medicines require a Home Office Controlled Drug licence to lawfully undertake these activities unless a limited 'exemption' applies. A Home Office licence will also be required to import these products, with the importer required to hold either a Wholesale Dealers License or a Manufacturer's Special License. Imports require both a Certificate of Analysis and a valid GMP certificate for the site of manufacture.[74]

3.6 USA

The USA has a fragmented regulatory approach to medicinal cannabis (sometimes referred to as medical marijuana) with different laws in states compared to the federal level. At the federal level, marijuana remains classified as a Schedule I substance under the Controlled Substances Act, where Schedule I substances are considered to have a high potential for dependency and no accepted medical use, making distribution of marijuana a federal offence. Effectively this means that interstate commerce in medicinal cannabis is illegal. Imports of cannabis products into the

[69] http://www.legislation.gov.uk/uksi/2018/1055/made
[70] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/753444/letter-with-guidance-on-cannabis-based-products-for-medicinal-use.pdf
[71] Ibid
[72] https://www.telegraph.co.uk/news/2019/08/08/cannabis-based-medicines-blocked-routine-use-nhs-watchdogs-demand/
[73] https://www.theguardian.com/society/2019/nov/03/medical-cannabis-uk-clinical-trial-patients-nhs
[74] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752796/Cannabis_Guidance__unlicensed_CBPMs__-_Final_311018.pdf

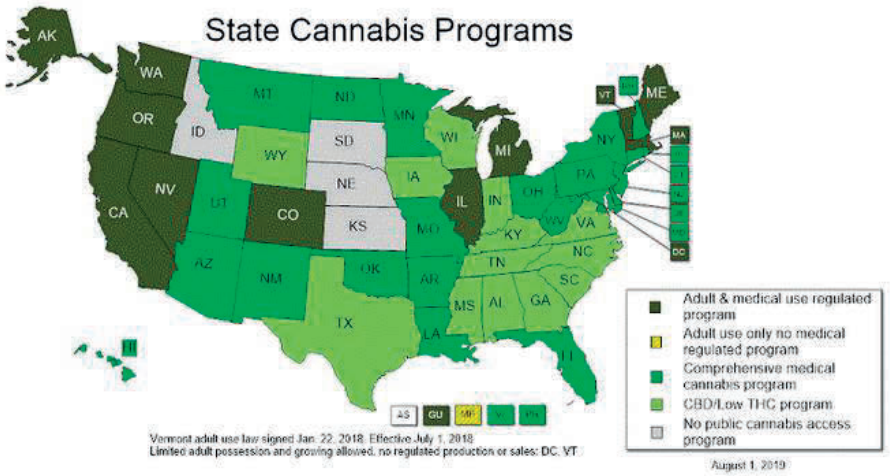
US are also illegal, although the US Drug Enforcement Agency (DEA) has granted some recent exemptions allowing imports of medicinal cannabis products for trials being held in the US.[75]

However, at state level, access to medical marijuana is widely available, with 33 states (plus the District of Colombia, Guam and Puerto Rico) having laws permitting access to medical marijuana. These states generally have legal frameworks that include patient registries, allowance for dispensaries to provide products, and specified conditions for which it may be used.[76] In these states, federal laws governing marijuana (which under the US constitution take precedence over state laws) have not been enforced. Since 2014, the Rohrabacher-Farr amendment has prohibited the Justice Department from interfering with states implementing their own marijuana laws. Though the amendment had been renewed in subsequent appropriations bills, it expired on December 21, 2018. Whilst the amendment has not currently been renewed, the incoming Attorney-General has indicated that he would "not go after" state-based legal marijuana programs.[77]

A further 13 states allow use of "low THC, high cannabidiol (CBD)" products for medical reasons in limited situations or as a legal defence. Only four states currently have no legal basis for access to medical marijuana or derivative products (Idaho, South Dakota, Nebraska and Kansas).[78]

Recreational cannabis is legal in 10 states (as of August 2019).[79]

Figure 5: Status of Medicinal Cannabis Regulation by State, USA, 2019



Source: National Conference of State Legislatures, accessed from http://www.ncsl.org/research/health/state-medical-marijuana-laws.aspx

[75] https://www.businesswire.com/news/home/20180918005163/en/Tilray%C2%AE-Receives-Approval-U.S.-Government-Import-Medical
[76] http://www.ncsl.org/research/health/state-medical-marijuana-laws.aspx
[77] https://mjbizdaily.com/ag-nominee-barr-expresses-hands-off-intent-state-legal-marijuana-businesses/
[78] http://www.ncsl.org/research/health/state-medical-marijuana-laws.aspx
[79] https://www.businessinsider.com.au/legal-marijuana-states-2018-1?r=US&IR=T

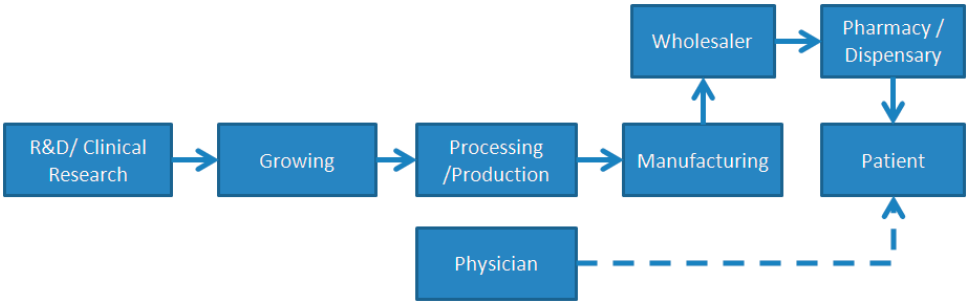
2. Industry Overview

4. Industry Structure and Key Players

4.1 Value Chain for Medicinal Cannabis

The value chain for medicinal cannabis is illustrated below. Vertically-integrated LPs typically undertake the full range of services to distribute products directly to patients or through pharmacy/dispensary channels (typically supplied through wholesalers).

Figure 6: Value Chain for Medicinal Cannabis, 2019



Source: Frost & Sullivan

R&D/clinical research involves scientific, pre-clinical development in areas such as genetics and cannabis strains, followed by clinical trials undertaken with external partners into the efficacy of new medicinal cannabis products for specified conditions. Industry participants often undertake a portfolio of trials, which typically go through a three-phase process: Phase I (small trials often on healthy volunteers to test safety and side effects at different doses); Phase II (trials on patients to assess efficacy and side-effects); and Phase III (larger trials on patients to test efficacy, effectiveness and safety).

Growing involves large-scale cultivation of cannabis plants, typically in biosecure indoor facilities (grow rooms), with precise control of cultivation variables (such as nutrients, lighting, humidity, temperature, air flow, etc). Indoor facilities provide the security and control of production variables which are required for the medicinal market.

Processing/Production involves curing, testing, chopping and packaging of dry cannabis products. Medicinal cannabis growing and processing is typically undertaken to GACP (Good Agricultural and Collection Practices) - a set of guidelines covering areas of cultivation (from seeds and propagation material), collection, harvest, processing, personnel, equipment, documentation and others for the sake of satisfying the minimum required quality assurance in plant cultivation. Production also includes resin production and extraction in connection with liquid products. Together with Good Manufacturing Practice (GMP), GACP guidelines completely define the entire process from seed to sale of all plants with Active Pharmaceutical Ingredients (APIs), which includes cannabis.

Manufacturing involves the manufacturing of medicinal cannabis products using cannabis resin and extracts and the testing and bottling of liquid products; as well as dose determination, testing, bottling and packaging of cannabis flower medicinal products. For medicinal cannabis products, processing and manufacturing typically needs to occur in facilities certified to GMP, which is certified by the relevant national authority. In the EU, for example, GMP certification is coordinated by the European Medicines Agency (EMA), with compliance required to obtain an EU manufacturing or import authorisation. In Australia, manufacturing medicinal cannabis products

requires a GMP license issued by the TGA. Mutual Recognition Agreements (MRAs) between some countries mutually recognise GMP certifications. For example, Australia has MRAs with 22 EU countries (including UK), plus Iceland, Liechtenstein, Switzerland, Norway, Canada, NZ and Singapore.[80] These allow producers in countries that are parties to the MRA to obtain GMP clearance in the destination market relatively quickly (for example, around 3.5 weeks in Australia).[81]

Physicians are the only party that can authorise the use of medicinal cannabis products by patients (except in jurisdictions where recreational use is legal). This is generally done through provision of a prescription from a physician authorised to supply through a special access scheme.

Distribution of medicinal cannabis products may involve direct sale to authorised patients, or sale via pharmacies which are usually supplied by pharmaceutical wholesalers, or by the LP directly. Whilst direct sales to patients by LPs are permitted in some countries (e.g. Canada), in most cases the product needs to be dispensed by a pharmacy with the appropriate authorisation. In the US, distribution is generally via licensed dispensaries, which are licensed by individual states to sell cannabis, with over 2,700 licensed dispensaries.[82] US pharmacists have generally been reluctant to provide medicinal cannabis products due to the conflict with federal law.

4.2 Roles of Different Participants

A range of industry participant exists in the medicinal cannabis sector:

Licensed Producers (LPs) are the dominant industry participants and include vertically-integrated LPs that cultivate, produce, manufacture, package and distribute medicinal cannabis products. Cultivation and production is undertaken in large, specialist facilities with appropriate security against diversion risk. LPs may supply products direct to authorised patients (e.g. through online or telesales) or through pharmacies or other outlets.

Physicians are generally the only group that can authorise supply of medicinal cannabis to patients. These include general practitioners (GPs) and medical specialists. In countries such as the UK, the ability to prescribe is limited to medical specialists, and in other countries, physicians may need to gain appropriate registration to prescribe medicinal cannabis products, which may include the requirement for consultation with or support of a specialist until they have gained appropriate expertise. Given the key role of physicians in medicinal cannabis supply and the general lack of formal training and resources available to physicians on cannabis medicines, education on medicinal cannabis to this group is a key activity of suppliers.

Wholesalers are a key aspect of pharmaceutical distribution, given the fragmented nature of the retail pharmacy industry (for example, in Australia there are restrictions limiting the number of pharmacies an individual pharmacist may own). Some LPs may sell direct to pharmacies.

Pharmacies and licensed dispensaries are the only outlets where licensed medicines can be supplied, under supervision of a qualified pharmacist. Pharmacies also sell unlicensed and over-the-counter (OTC) medicines. Licensed cannabis-based Rx pharmaceuticals (such as Sativex) can only be supplied through pharmacies, and in some jurisdictions (such as Germany) authorised medicinal cannabis products are also supplied through pharmacies. In the US, licensed dispensaries are the main distribution channel.

[80] https://www.tga.gov.au/international-agreements-and-arrangements-gmp-clearance
[81] https://www.tga.gov.au/mra-gmp-clearance-application-processing-timelines
[82] https://hightimes.com/dispensaries/how-many-state/

2. Industry Overview

4.3 Main Production Sources

Outside the US, the main global sources of medicinal cannabis production are currently the UK and Canada. UK production, however, is mainly devoted to use in research into and the manufacture of licensed Rx pharmaceutical products. Australia is also developing as a significant source of supply for medicinal cannabis products. Whilst EU countries such as Germany have allowed, or are in the process of allowing, authorised domestic production of medicinal cannabis, production shortages are likely to lead to significant import requirements as demand grows. These import requirements are most likely to be met by Australian and Canadian producers with EU GMP-certified or recognised production facilities. [83]

Table 6: Main Medicinal Cannabis Sources of Supply by Country, 2019

Country	Imports Allowed?	Main Supply Sources
Australia	Yes, subject to ODC license	Little Green Pharma since August 2018, Canadian producers. Other domestic producers likely to enter 2020
Canada	Yes, importing allowed under license from Health Canada	Domestic producers
Germany	Yes, subject to license from BfArM	Limited current supply, Bedrocan (NL), Canadian producers. Australian producers likely to enter in 2020. Three domestic producers recently received licenses
UK	Yes, subject to Home Office license	Limited current supply, Bedrocan (NL), Canadian producers, Australian producers likely to enter in 2020
USA	No, although DEA has allowed some exemptions for use in clinical trials	Domestic producers

Source: Frost & Sullivan

Imports into the EU market can only be made from EU GMP-certified or recognised production facilities. The following companies have EU GMP-certified or recognised facilities as at October 2019, allowing them to access the EU market. Several other producers are in the process of applying for certification.

Table 7: Cannabis Producers with EU GMP-certified/Recognised Production Facilities, 2019

Company	Facilities
Aurora	3 (Ontario, Alberta, Saskatchewan, Canada)
Bedrocan	Netherlands
Canopy Growth	2 (Ontario, Canada)
Cronos	Peace Naturals (Ontario, Canada)
Little Green Pharma	Western Australia
TerrAscend	Mississauga, Canada
Tilray	2 (British Columbia, Canada, Cantanhede, Portugal)
Wayland Group	2 (Ebersbach, Germany; Ontario, Canada)

Source: company presentations and press releases

[83] The EU allows mutual recognition of other countries' GMP certification under Mutual Recognition Agreements

5. Current & Potential Market Size

5.1 Current Market Size (2018)

In countries such as the USA and Canada, where authorised pathways for access to medicinal cannabis have existed for several years, the number of patients is well over 1% of the total population. In fact, in Canada, since cannabis can now be accessed from retail channels without authorisation, the number of medicinal cannabis users reached 3% of the population in Q2 2019.[84]

In European countries and Australia, the provision of authorised access channels is recent and therefore patient populations are far lower, although they are growing quickly from a low base. The UK has recently provided an access pathway, but patient volumes are still not meaningful.

Table 8: Medicinal Cannabis Patients by Country, end-2018

	Medicinal Cannabis Patients (000s)*	Percentage of Population
Australia	3.5	0.01%
Canada	1,100	3.0%
Germany	~60	0.1%
UK	N/M	N/A
USA	3,514	1.1%

*excludes patients for Rx pharmaceutical products

Sources: Australia, https://www.tga.gov.au/access-medicinal-cannabis-products-1, Canada, National Cannabis Survey, Fourth Quarter, 2018. Includes users with and without documents, Germany, https://www.thelocal.de/20190308/two-years-since-legalization-germans-still-face-hurdles-accessing-medical-marijuana , UK https://www.pharmaceutical-journal.com/news-and-analysis/news-in-brief/nhs-medical-cannabis-prescribing-data-unlikely-to-be-published-soon/20206325.article, USA, https://medicalmarijuana.procon.org/view.resource.php?resourceID=005889

The 2018 market size in value terms is estimated below by country using the following assumptions:

- **Consumption:** an average consumption of 1gm/day has been assumed, with average annual consumption of 365 gm per patient.[85]
- **Pricing:** the current average price-to-patient (i.e. retail/pharmacy or direct sale price, before any reimbursement) has been used. These have been converted to A$ at the exchange rate as of August 2019. Depending on the distribution channel used, this may not be the price received by the LP, as a substantial part of the sales price may be taken by wholesalers and pharmacies.

Table 9: Medicinal Cannabis Market Size, by Country, 2018

Country	Estimated Users (000s)	Retail Price (A$/gm)	Market Value (A$ millions) at Retail Prices
Australia	3.5	16.87[86]	22
Canada	1,100	9.08[87]	3,646
Germany	~60	37.56[88]	822
UK	N/A	N/A	N/A
USA	3,514	14.71[89]	18,840

Source; Frost & Sullivan; sources as referenced

[84] National Cannabis Survey, Second Quarter, 2019. Includes users with and without documents
[85] A variety of consumption volumes have been documented in published research. Frost & Sullivan has used 1 gm/day, which is at the lower end of most reported consumption volumes
[86] Based on current retail price of LGP products sold in Australia
[87] Statistics Canada, Cannabis consumer prices. Based on consumer price of C$8.360/gm for medical cannabis (2017)
[88] Universtat Bremen, Cannabis Report, 2017
[89] Based on price of US$10/gm https://www.medicalmarijuanainc.com/medical-marijuana-sizes-prices/

2. Industry Overview

5.2 Potential Market Size (Total Available Market)

The total available market (TAM) is a measure of the potential annual market size for medicinal cannabis by country, in a scenario where medicinal cannabis is widely understood by both physicians and patients, and there is widespread acceptance of and ability to authorise medicinal cannabis by physicians for clinically-relevant patients. Medicinal cannabis patients are likely to come from two groups, current illicit cannabis users, who are using cannabis for medicinal reasons, and current patients suffering from medical conditions where cannabis can offer a clinical benefit. Using these patient groups, the estimated patient "pool" per country is given below.

Table 10: Estimated Patient Pool for Medicinal Cannabis by Country, 2018

Country	Population (millions)[90]	Illicit Cannabis Users (millions)	Illicit Cannabis Users: Medical Reasons (millions)	Total Patients: Pain, Anxiety, Insomnia (millions)	Switching Rate	Total Patient Pool (millions)
Australia	24.8	0.72[91]	0.14	5.07	10%	0.65
Canada	36.6	4.70[92]*	1.10*	N/A**	N/A	1.10
Germany	82.1	1.28[93]	0.26	14.71	10%	1.73
UK	66.2	1.63[94]	0.33	11.86	10%	1.51
USA	324.5	24.2[95]*	8.36*	N/A**	N/A	8.36

*Includes all cannabis users (adult use is legal/partially legal).
**in Canada and USA, only current medicinal cannabis users have been included in the patient pool
Sources: as indicated

The estimated patient pools are typically around 2.0% to 3.0% of the national population. By way of comparison, in 2019 the penetration of medicinal cannabis users in Canada was around 3.0% of the population having increased from 0.04% in 2014. In some US states, penetration now also exceeds 2% (e.g. Maine at 3.8%, Michigan at 2.7% and California at 2.3%).[96]

Applying the assumed consumption volumes per patient and average price-to-patient used in Section 5.1, the TAM per country in value terms is summarised below, based on 2018 populations. Across all five countries, this totals A$85 billion. The high TAM in Germany is a result of the high retail price compared with other countries due to high mandated pharmacy mark-ups.

Table 11: Estimated Total Available Market for Medicinal Cannabis, Retail Prices, by Country, 2019

Country	Estimated Patient Pool (millions)	Patient Pool as Percentage of Population	TAM for Medicinal Cannabis (A$ millions) – at Retail Prices
Australia	0.65	2.6%	4,015
Canada	1.10	3.0%	3,646
Germany	1.73	2.1%	23,676
UK	1.51	2.3%	9,054
USA	8.36	2.6%	44,860

Source: Frost & Sullivan estimates

[90] UN, World Population Estimates, 2017. Medium Estimate
[91] National Drug Strategy Household Survey, 2016. Includes daily or weekly users only (36% of total)
[92] National Cannabis Survey, fourth quarter 2018
[93] National Cannabis Survey, fourth quarter 2018
[94] EMCDA, Prevalence of daily cannabis use in the European Union and Norway, based on 15-64 population
[95] National Survey on Drug Use and Health, 2015
[96] https://medicalmarijuana.procon.org/view.resource.php?resourceID=005889

TAM at LP Prices

Whilst the TAM as estimated above is based on retail/patient prices, this may not be the opportunity available to LPs, except in markets where direct sale to patients by LPs is allowed, such as Canada. In most countries, medicinal cannabis is distributed via pharmacies/dispensaries, with margins taken by these participants, in addition, potentially, by wholesalers in the supply chain.

Table 12: Estimated Total Available Market for Medicinal Cannabis, LP Prices, by Country, 2019

Country	LP Price (A$/gm)	TAM at LP Prices (A$ millions)
Australia	13.83[97]	3,291
Canada	9.08[98]	3,646
Germany	18.0[99]	11,347
UK	13.67[100]	7,545
USA	12.57[101]	38,342

Sources: as indicated

5.3 Estimated Annual Market, 2018 to 2025

Whilst the TAM represents the potential market size in a mature market, where access to medicinal cannabis is widely available for clinically-relevant patients with broad understanding and acceptance of its benefits amongst physicians, in practice individual markets are likely to take time to approach the size of the TAM, due to factors such as limited authority to prescribe by physicians, limited reimbursement, or restrictions on the conditions for which medicinal cannabis can be indicated.

Frost & Sullivan has estimated the annual market from 2018 to 2025 for individual countries, with assumptions on the actual number of medicinal cannabis patients as a percentage of the population by 2025.

Table 13: Penetration of Medicinal Cannabis by Country, 2025

Country	Medicinal Cannabis Patients as % of Population - 2025	Assumptions
Australia	2.6%	Access to medicinal cannabis is increasing significantly with governmental support for its usage in appropriate clinical circumstances. Physicians can prescribe for any condition when believed appropriate
Canada	3.0%	Usage is already at 3% (including users with and without medical documents). This is estimated to be the maximum penetration and hence remains unchanged in the forecast period
Germany	1.9%	Usage is increasing significantly in Germany, with reimbursement supporting the market
UK	1.7%	Although an access pathway has been introduced, restrictions on ability to prescribe will slow market growth. So far, the number of authorised patients is very low, and largely limited to those paying privately
USA	2.6%	Market expected to grow as access is broadened in states and by indication

Frost & Sullivan estimates

[97] FreshLeaf Analytics, Australian Medicinal Cannabis Market Patient, Product and Pricing Analysis, 2019
[98] Same as retail price, since LPs can sell directly to patients
[99] Based on 109% pharmacy margin
[100] Assumes 20% pharmacy margin
[101] Based in average dispensary margin of 17% https://www.covasoftware.com/blog/dispensary-profit-margins-and-falling-cannabis-prices

2. Industry Overview

Based on these assumptions, and using consistent price and consumption data as used in the TAM, the total market size at patient/retail prices in the five countries in scope is forecast to reach A$84 billion by 2025. At LP prices the market is forecast to reach A$64 billion by 2025.

Table 14: Actual Market Size for Medicinal Cannabis, at Retail and LP Prices, by Country, 2018 to 2025

Country	2018	2019	2020	2021	2022	2023	2024	2025
Australia - Retail	22	139	469	950	1,921	2,752	3,600	4,354
Australia - LP	18	114	385	778	1,574	2,256	2,951	3,569
Canada - Retail	3,646	3,674	3,707	3,738	3,770	3,802	3,834	3,865
Canada - LP	3,646	3,674	3,707	3,738	3,770	3,802	3,834	3,865
Germany - Retail	822	3,384	6,780	10,183	14,718	16,982	19,237	21,487
Germany - LP	394	1,622	3,250	4,881	7,054	8,139	9,220	10,298
UK - Retail	0	4	20	403	1,216	2,444	4,913	6,995
UK - LP	0	3	17	336	1,013	2,037	4,094	5,829
USA - Retail	18,840	21,048	30,030	33,801	37,624	41,500	45,426	47,574
USA - LP	16,103	17,990	25,667	28,890	32,157	35,470	38,826	40,662

Source: Frost & Sullivan estimates

6. Conclusion

Medicinal cannabis is one of the fastest growing medications globally. A growing number of countries have authorised medical use of cannabis, and now provide legal mechanisms by which patients may access cannabis for approved medical indications. This is being driven by increased acceptance and awareness of the benefits that medicinal cannabis can offer for a variety of health conditions, with over 50 conditions currently indicated for medicinal cannabis in jurisdictions where regulatory pathways exist.

The use of medicinal cannabis in the form of Rx pharmaceuticals is currently very low, with only two products derived from the cannabis plant currently marketed, and these address very niche conditions. Although there is significant activity in the development of cannabinoid therapies by major pharmaceutical companies, the medicinal cannabis market is largely supplied through special access schemes, which allow physicians to prescribe medicinal cannabis products which have been manufactured by LPs. The two major countries with the most developed access pathways for medicinal cannabis products are Canada, where medicinal cannabis products have been widely available since 2014, and the US, where some form of access to medicinal cannabis is available in 46 states. However, several other countries have recently established or are in the process of introducing access pathways, including Australia (in 2016), Germany (2017) and UK (2018).

Based on patient populations, assumed daily consumption and average national prices, the 2018 medicinal cannabis market (excluding Rx pharmaceuticals) is estimated at A$23 billion at retail prices across the five countries included in this report. Canada and the US accounted for the bulk of the market in 2018. The TAM based on 2018 populations and prices is estimated at A$85 billion at retail prices across the five countries, with the actual market forecast to reach A$84 billion at retail prices and $64 billion at LP prices by 2025, based on assumptions about the rate of penetration in individual countries.

7. Disclosure

This is an independent report prepared by Frost & Sullivan. Save for the preparation of this report and services rendered in connection with this report for which normal professional fees will be received, Frost & Sullivan has no interest in Little Green Pharma Ltd and no interest in the outcome of the IPO. Payment of these fees to Frost & Sullivan is not contingent on the outcome of the IPO. Frost & Sullivan has not and will not receive any other benefits (including any commissions) and there are no factors which may reasonably be assumed to have influenced the contents of this report nor which may be assumed to have provided bias or influence. Frost & Sullivan consents to the inclusion of this report in the Prospectus in the form and context in which it is included. As at the date of this report, this consent has not been withdrawn. Frost & Sullivan does not hold a dealer's license or Financial Services License. This report does not constitute advice in respect of the IPO.

3. Company Overview

3. Company Overview

3.1 Introduction to LGP

LGP, together with its exclusive Manufacturing Partner and via its distribution arrangements, operates a vertically integrated medicinal cannabis business, comprising cultivation, production, research and development, manufacturing, and distribution of medicinal cannabis products.

In response to growing global awareness of the potential benefits of medicinal cannabis LGP was founded in 2016:

(a) with the aim of improving the quality of life for a child debilitated by seizures through the use of a patented small particle formulation; and

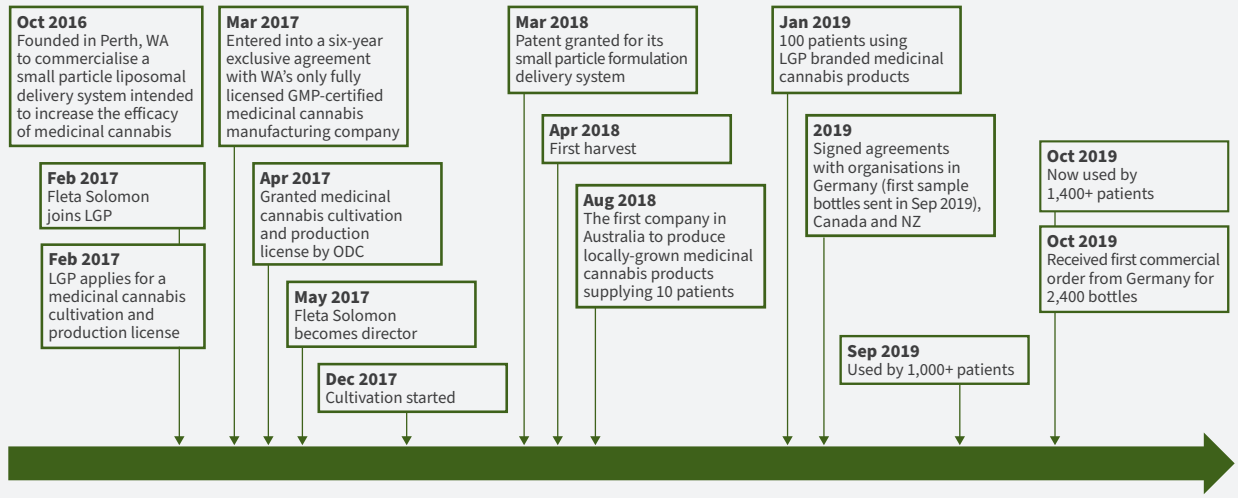
(b) to take advantage of opportunities relating to the emerging medicinal cannabis industry in Australia and in certain international jurisdictions.

Since then, LGP has invested significantly into product development, sales and marketing and cultivation capabilities to become a leading Australian medicinal cannabis company. Nearly two years of successful cultivation has allowed LGP to produce locally-grown product into final dose form with more than 4,500 bottles of medicinal cannabis oil sold to more than 1,400 patients in Australia.

LGP's mission is to transform the lives of patients around the world, and in doing so, become globally recognised as Australia's leading medicinal cannabis business.

There is growing anecdotal evidence that medicinal cannabis is a valid treatment for a wide range of indications affecting millions globally. For example, it has been suggested that medicinal cannabis may be a viable alternative to synthetic pharmaceutical painkillers such as opiates. It is this potential that is contributing to an increase in clinical trials, patient usage, and demand for medicinal cannabis.

Figure 1: LGP Corporate Timeline



3.2 LGP Key Highlights

As at the date of this Prospectus, LGP has achieved several key milestones that the Board considers differentiates the Company from its competitors and are competitive advantages effectively positioning LGP to execute its growth strategy. Refer to Section 3.11 for further details.

(a) **First mover advantage and barriers to competition:** LGP was the first Australian company to achieve production of a locally grown medicinal cannabis product for patient use. LGP has a track record of nearly two years of successful cannabis cultivation and is continuing its stability testing which is currently for 24 months in cold storage conditions (2-8°C) and twelve months at ambient conditions (below 25°C).

(b) **Accessible, proprietary-branded product range:** LGP currently offers three LGP-branded medicinal cannabis oil products in the Australian market and is proposing to launch additional products in the near term. Refer to Section 3.6 for further details.

(c) **Nationwide patient uptake:** Following the launch of LGP's first medicinal cannabis product in August 2018, more than 1,400 patients in Australia have used LGP products. Refer to Section 3.7(b) for further details.

3. Company Overview

(d) **Highly scalable production with planned expansion:** LGP is currently expanding its cultivation facility to have capacity to produce sufficient cannabis flower to manufacture more than 110,000 bottles of medicinal cannabis oil per annum. Refer to Section 3.4 for further details.

(e) **Fully licenced business:** LGP, together with its exclusive Manufacturing Partner and distribution partners, holds all the necessary licences and permits to operate a vertically integrated medicinal cannabis business from cultivation to distribution. Refer to Section 3.10 for further details.

(f) **TGA GMP-certified manufacturing facility:** LGP has an exclusive agreement for manufacturing services at a TGA GMP-certified manufacturing facility, which is a prerequisite for Australian medicinal cannabis producers to sell medicinal cannabis products into Australia and overseas. Refer to Section 3.5 for further details.

(g) **Export distribution:** LGP has non-binding supply arrangements with distributors in Germany for the supply of LGP-branded and white-labelled products at a premium to Australian pricing and has received proof-of-concept conditional purchase orders for LGP products from Canada and New Zealand. Refer to Section 3.7(c) for further details.

(h) **Education programmes:** LGP has developed, and is a sponsor of, the Green Choices portal, aimed at the education of physicians and patients to support patient access to medicinal cannabis. Refer to Section 3.7(d) for further details.

(i) **Growing intellectual property portfolio:** LGP has patented a small particle formulation with the aim of improving the delivery of medicinal cannabis. The Company continues to undertake research and development with respect to alternative delivery systems with the aim of identifying additional patentable innovations. Refer to Section 3.9 for further details.

3.3 LGP Business Model

LGP's aim is to be a leading vertically integrated medicinal cannabis business supplying pharmaceutical grade medicinal cannabis products. LGP's growth strategy initially focused on continued expansion in Australia, followed by expansion into European and other international markets.

Figure 2: LGP Business Model Overview

Cultivation & Production

- Capacity to cultivate a quantity of raw materials for the production of up to 15,000 bottles of medicinal cannabis product p.a., growing to 110,000 bottles p.a. (equiv. to ~1,750kg of dry flower)
- Capacity to more than double production with an additional 3,000sqm on site
- Import high quality third party raw material

Manufacturing

- Exclusive 6-year agreement[1] with TGA GMP manufacturer based in Western Australia
- Capability to expand product range into multiple formats
- Building own manufacturing facility on site to enable LGP to manufacture their own products[2]

Distribution

- 15-month selling track record in Australia
- Non-binding supply arrangements with distributors in Germany and received conditional purchase orders to purchase products from Canada and New Zealand
- German subsidiary as platform to supply European market

Education Programs

- Multiple education programs and sponsorship of events targeting key participants in the medicinal cannabis supply chain

IP and R&D

- Currently 3 LGP-branded products
- ARISE delivery technology licence for medicinal cannabis with Curtin University, finalising research agreement to adapt ARISE to medicinal cannabis
- Non-binding agreement with OBJ Limited (ASX:OBJ) to progress development of alternative delivery system
- Swiss subsidiary as platform for research & development

1. If the Manufacturing Partner wishes to terminate the agreement for convenience it can only do so after 22 November 2023 and with 12 months' notice, meaning the earliest date on which the manufacturing agreement could be terminated is 23 November 2024.
2. Subject to the Company receiving the Maximum Subscription under the Offer.

3.4 Cultivation and Production

LGP commenced cultivation of cannabis plants at its indoor hydroponic cultivation facility in Western Australia in December 2017.

LGP has achieved a track record of nearly two years of successful cannabis cultivation and has never had a crop failure. Over this time, the Company and its Manufacturing Partner have developed significant expertise and experience in cultivar selection, growing techniques, harvesting methods, extraction methods, and final product formulation.

Since LGP commenced cannabis cultivation, it has been able to improve its production results by refining and improving its horticultural methods, including optimising performance during the growing cycle and having the ability to grow the plants in a pesticide-free environment.

The Company considers that it has established a first mover advantage in the Australian market via its undertaking of product stability testing, which has resulted in longer product expiry dates and facilitates the ability for customers to place larger order volumes.

The experience and knowledge that LGP has developed cultivating medicinal cannabis crops has been critical to LGP's planned expansion of its cultivation facility (refer below).

(a) Cultivation Facility

LGP's cultivation facility (pictured in Figure 4 below) features an indoor, closed-loop hydroponic system to ensure cannabis plants are cultivated under highly specific climate, light and irrigation control at all times.

LGP's cultivation facility is entirely indoor which substantially reduces the environmental risk factors typically associated with outdoor cultivation. Indoor cultivation also helps to ensure a consistent flower product which is essential for the production of pharmaceutical products of all types.

There are currently two flowering rooms operating in the cultivation facility which have the capacity to produce cannabis flower to manufacture approximately 15,000 bottles of medicinal cannabis oil per annum. Following the completion of a planned expansion of its cultivation operations, which is targeted for completion in Q1 CY2020, and subject to Office of Drug Control (**ODC**) licensing and permitting, a total of nine flowering rooms are scheduled to be operational along with two vegetative and two mother rooms, together with drying, manufacturing and storage capability at premises on an adjoining site. At full capacity it is expected that the cultivation facility will have the capacity to produce sufficient cannabis flower to manufacture more than 110,000 bottles of medicinal cannabis oil annually, the equivalent of approximately 1,750kgs of dry cannabis flower.

LGP's cultivation facility is suitable for the cultivation of medicinal cannabis in accordance with the requirements of the Narcotic Drugs Act 1967 and the Therapeutic Goods Order No. 93 (Standard for Medicinal Cannabis).

LGP has strict quality control systems and processes in place throughout the cultivation cycle following *Good Agricultural and Collection Practices* (**GACP**) guidelines, including daily observations of all plants with all growing parameters documented. In August 2019, LGP successfully passed a GACP audit of its cultivation facility by a Germany-based external auditor.

3. Company Overview

Figure 3: LGP's Cultivation Facility

LGP leased a property directly adjacent to LGP's current cultivation facility and, as part of its growth strategy, intends to move its drying and storage operations into this adjacent property. This adjacent property also provides the potential to add more than 3,000sqm of growing space to LGP's existing cultivation facility.

(b) Cannabis Cultivars

LGP has conducted extensive testing on different cultivars to identify plant genetics and growing cycles to try to optimise yield and cannabinoid profiles. LGP now has a range of established cannabis cultivars which are used to produce the Company's range of medicinal cannabis products.

Once a specific genetic line of cannabis plant has been established, it is preserved from degradation by keeping stock plants called "mother plants" from which future cuttings are taken for cultivation.

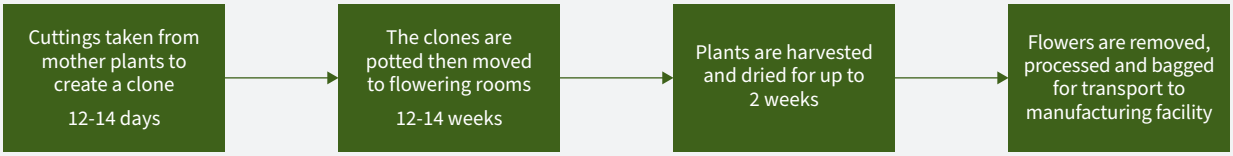
(c) Cultivation Process

The typical cannabis plant has a growing time of approximately three months. The desired formulation and final product determine the optimum harvesting time and process and subsequent processing steps.

The process required to obtain dry cannabis flower involves drying, trimming and curing the plant. To produce an oil-based cannabis product, a further refinement step is required. The most effective refinement processes use solvents to dissolve and extract the resinous trichomes from the cannabis flower. The most popular solvent extraction methods use ethanol or super-critical carbon dioxide with both methods extracting more than 90% of the cannabinoids present in the plant. LGP currently uses ethanol extraction methods at its Manufacturing Partner's facility and has a super-critical CO2 extraction unit available to be used in the future.

LGP currently harvests its two flowering rooms approximately every three months. Following expansion of the cultivation facility, LGP expects to utilise nine flowering rooms, each at different phases of the cultivation process, with the aim of staggering crop growth to harvest a flowering room every two weeks.

Figure 4: LGP Cultivation Process



LGP has strict quality control systems and processes in place throughout the cultivation cycle which follow GACP guidelines, including daily observations of all plants and documentation of all growing parameters. Detailed documentation and post-harvest review of the plant profiles enables a cycle of continuous improvement.

3.5 Manufacturing

LGP has entered into an exclusive six-year agreement with its manufacturing partner (**Manufacturing Partner**), a fully licensed TGA GMP-certified pharmaceutical manufacturing company in Western Australia, to manufacture final dose form medicinal cannabis products on LGP's behalf. The earliest date by which the agreement may be terminated by the Manufacturing Partner for convenience is 23 November 2024. Refer to Section 11.4(d) for further details.

LGP is actively engaged with the Manufacturing Partner in the manufacturing process whereby LGP owns the cannabis extraction equipment at the manufacturing facility and deploys LGP personnel at the facility to support manufacturing operations.

LGP's medicinal cannabis products are manufactured in accordance with applicable GMP guidelines in facilities audited and certified by the Therapeutic Goods Administration (**TGA**).

The Manufacturing Partner holds the required licenses to produce and export medicinal cannabis products from Australia to other jurisdictions where medicinal cannabis has been legalised.

(a) TGA GMP Certification

The Manufacturing Partner's facility and processes are aligned with the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-Operation Scheme (**PIC/S**) Guide to Good Manufacturing Practice for Medicinal Products (both PART I and relevant Annexes) as required by the TGA pursuant to the Manufacturing Partner's GMP certification. These arrangements require a Pharmaceutical Quality System as part of the quality assurance framework to ensure the manufacturing activities follow the necessary principles audited and validated by the TGA Audit as a PIC/S member.

(b) Manufacturing Capacity

The Manufacturing Partner has sufficient manufacturing capacity to process production from the currently planned cultivation facility expansion and, when supplemented by ancillary equipment, the additional production from the potential 3,000sqm cultivation space expansion.

LGP's medicinal cannabis products are manufactured by the Manufacturing Partner on a semi-automated production line on a batch-by-batch basis in accordance with applicable GMP guidelines in facilities audited and certified by the TGA. The Manufacturing Partner has the ability to produce oil, gel cap, suppository and sublingual spray products, and is anticipated to be able to manufacture dry cannabis flower in early 2020. The Company is actively monitoring market demand, with a view to determining which delivery systems are preferred in the various potential markets.

(c) Additional Manufacturing Capacity

Subject to securing the Maximum Subscription under this Prospectus, LGP plans to construct its own manufacturing facilities capable of being TGA GMP-certified for extraction activities on its leased premises adjacent to its present cultivation facility. LGP has applied for an ODC manufacturing licence over the proposed manufacturing facility and intends to apply for TGA GMP certification in due course.

Following completion of LGP's manufacturing facility, the Company will aim to produce and extract cannabis resins for supply to the Manufacturing Partner for final product development and processing. The Company will also seek to enter into product manufacture and supply arrangements to supplement the manufacturing capacity of the Manufacturing Partner, if required.

LGP and its Manufacturing Partner have commenced the importation of quantities of cannabis resins from eligible suppliers in various overseas jurisdictions, in order to supplement the cannabis starting materials produced by LGP.

3. Company Overview

LGP has also received a Letter of Intent from Malta Enterprise, a Maltese Government entity charged with business promotion within Malta, proposing terms under which the Maltese Government would allocate land and provide assistance for LGP to set up a manufacturing facility in Malta in exchange for facility construction and employment commitments from LGP. As at the date of this Prospectus, the Company is still considering this opportunity.

Figure 5: Manufacturing Facility

3.6 Product Range

(a) Current Product Range

LGP has developed a proprietary range of LGP-branded products suitable for distribution in the domestic and certain international markets.

LGP's proprietary products are labelled with coloured branding to assist with the identification of the product's primary active ingredients. The amount of tetrahydrocannabinol (THC) and cannabidiol (CBD) for each product is indicated in the product name, in accordance with Australian industry norms. Dosage is prescribed based on individual circumstances of the patient.

LGP currently produces and markets three LGP-branded, oil-based oral medicinal cannabis products under the *"Classic"* range. This product range is made from a whole plant, full spectrum extract and adheres to strict testing to ensure a consistent product.

Figure 6: Overview of LGP Product Range

Name	LGP Classic 10:10	LGP Classic 20:5	LGP Classic 1:20
Product	THC (mg/mL): 10mg CBD (mg/mL): 10mg	THC (mg/mL): 20mg CBD (mg/mL): 5mg	THC (mg/mL): 1mg CBD (mg/mL): 20mg
Formulation	Oil	Oil	Oil
Size	50ml	50ml	50ml
Date Launched	August 2018	January 2019	October 2019
No of Bottles sold to date	4,039	517	40
CC Pharma order[1]	1,440	960	–

1. Fulfilment of order is expected to take place following completion of cultivation facility expansion.

The *"LGP Classic 10:10"* product is a common starting point for Australian medical practitioners. This was the first product launched by LGP in August 2018, with over 4,000 bottles distributed since launch. The Company launched its *"LGP Classic 20:5"* product and its *"LGP Classic 1:20"* product during 2019.

LGP is also targeting the release of three additional Classic oil products, *"LGP Classic CBD 50"* being a <0.2mg THC: 50mg CBD oil, *"LGP Classic CBD 1:50"* being a 1mg THC: 50mg CBD oil, and *"LGP Classic CBD 1:100"* being a 1mg THC: 100mg CBD oil in early 2020.

LGP is continuing its stability testing which is currently for 24 months in cold storage conditions (2-8°C) and twelve months at ambient conditions (below 25°C). Such stability testing is commercially recommended for many domestic and international distributors to sell pharmaceutical products.

In addition to oil-based products, LGP is also able to produce dry cannabis flower meeting TGO93 requirements. Interest for dry cannabis flower medicinal products has been expressed from distributors in European markets. Refer to Section 2 for further details.

(b) New Product Development

LGP is also considering developing a *"Plus"* product range. *Plus* would combine the Classic product with the Company's small particle formulation technology to potentially enable reduced dosing requirements compared to LGP's current Classic oil line. LGP also plans to develop a line of *"Plus Natural"* products, which would use LGP's patented small particle formulation containing higher ratios of carboxylated cannabinoids. Refer to Section 3.9 for further details on LGP's patented small particle formulation.

The Company intends to explore opportunities with alternative medicinal cannabis form factors and delivery systems and may introduce these alternative medicinal cannabis products into LGP's product range over time to meet patient demand. The Manufacturing Partner is also able to produce gel cap, suppository, emulsion, and spray products, and is anticipated to be able to manufacture dry cannabis flower in early 2020.

3. Company Overview

3.7 Sales and Distribution

(a) Overview

LGP currently distributes its products across Australia via its Australian distribution partners and intends to continue growing its market penetration and market awareness of its medicinal cannabis products within Australia. As it expands, LGP also proposes to capitalise on Australia's international reputation for trusted and high-quality products by exporting its products offshore, including to Germany, the UK, Canada and New Zealand. As at the date of this Prospectus, LGP proposes to stage its offshore distribution activities in these territories using one or more of the following pathways:

(i) LGP seeks to enter into offtake and/or distribution arrangements with key distribution partners in target territories for the sale and distribution of LGP's medicinal cannabis products on a wholesale pricing basis. LGP proposes to raise awareness of LGP's products in these markets through its own sales and educational activities or in partnership with these distributors.

(ii) In certain markets, LGP may also seek to agree separate consignment sales and distribution arrangements with distributors in these territories based on fixed margins, with the aim of providing LGP with additional exposure to product retail margins.

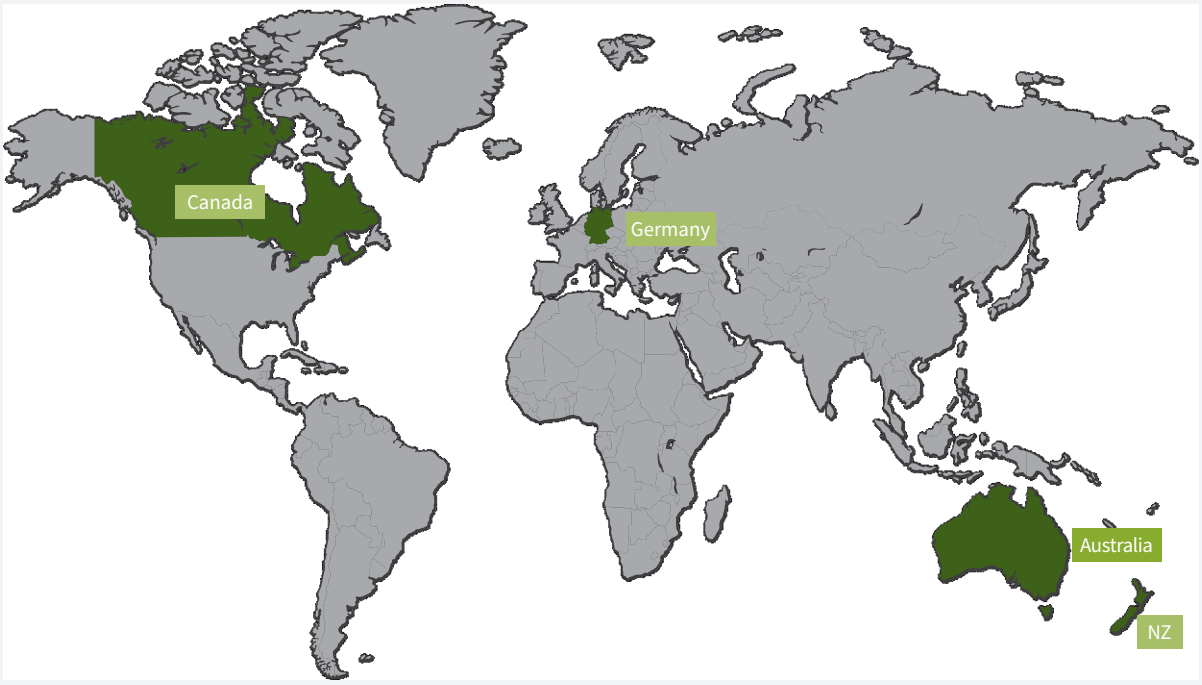
(iii) In selected territories based on market demand, LGP intends to develop its own import and distribution capability in parallel, including by establishing its own import capabilities and applying for the requisite import, handling and certification approvals and licences. LGP also intends to establish its own marketing and medical science liaison teams in these territories to help improve prescriber education and awareness.

(iv) Depending on the spread of demand within Europe, the Company may also consider establishing a consolidated receipt and distribution hub close to, or within, one of its target territories, with the aim to facilitating delivery more efficiently into European markets via both its offtake and/or distribution arrangements with its key distributors and, following the Company obtaining the requisite import approvals, its own import and distribution capability.

As at the date of this Prospectus, LGP has entered into non-binding supply arrangements with respect to Germany and received proof of concept conditional purchase orders for LGP products in Canada and New Zealand.

LGP is preparing to submit an application for an import licence for the import of medicinal cannabis into Germany. Further details in respect to LGP's current and proposed arrangements are detailed below. Investors should be aware that in all these jurisdictions, it is prohibited to advertise non-registered cannabis medications or sell medicinal cannabis products directly to patients.

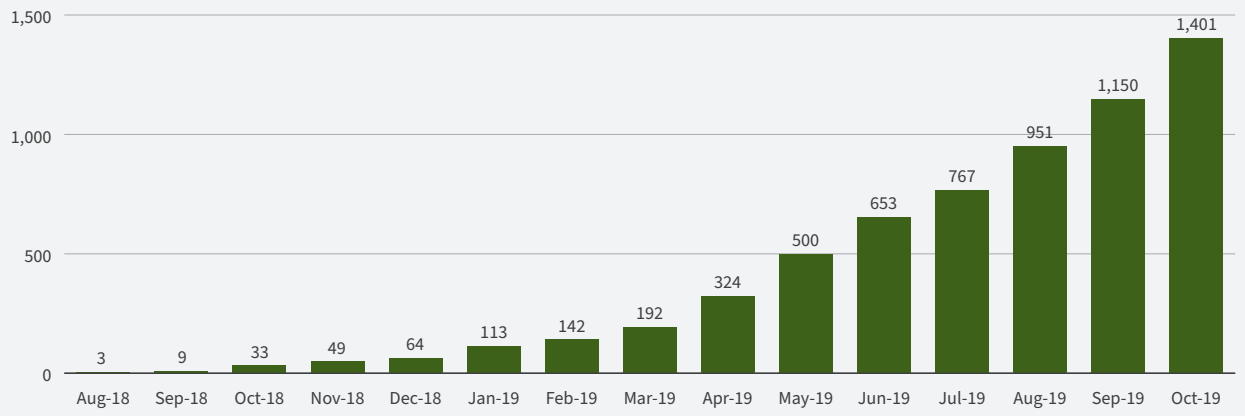
Figure 7: Map of LGP Target Territories for Medicinal Cannabis Distribution



(b) Australia

In Australia, the majority of LGP's customers access the Company's products under the SAS-B pathway. LGP's first customers were approved to be prescribed products pursuant to the SAS-B pathway in August 2018. As of October 2019, more than 1,400 patients in Australia have used LGP's products.

Figure 8: Cumulative Number of Australian Patients using LGP Products



The Company has engaged Oxford Compounding Pty Ltd (**Oxford**) as its primary distribution partner for patients in Western Australia and Health House International Pty Ltd (**Health House**) as its primary distributor for patients in other States and Territories.

As at the date of this Prospectus, LGP has not registered its products for prescription and LGP's products are accessed through the following three channels:

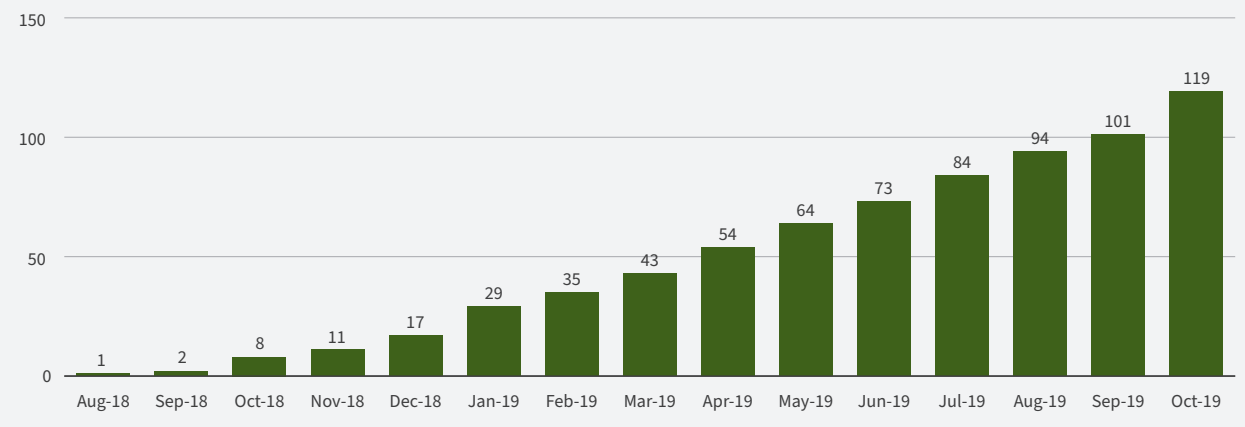
(i) Special Access Scheme Category B (**SAS-B**) – upon application from an eligible medical practitioner, the TGA and State health authorities approve individual prescriptions for the supply of medicinal cannabis products to patients;

(ii) Authorised Prescriber Scheme – certain medical practitioners (**Authorised Prescribers**) are authorised by the relevant Federal and State health authorities (including the TGA) to prescribe any of the nominated medicinal cannabis products to any patient diagnosed with the condition(s) detailed in the authorisation; and

(iii) Clinical Audit/Trials – LGP supports and assists medical practitioners conducting clinical audits of the Company's medicinal cannabis products that review patient responses against established patient baseline data. LGP's products are currently being used for a multi-centre hospital based clinical trials.

In 2019, an average of ten new clinicians per month commenced prescribing LGP's products under the SAS-B pathway. As of October 2019, 119 individual clinicians (including Authorised Prescribers) have prescribed LGP medicinal cannabis products to patients in Australia. Each individual clinician represents the potential for multiple patients to be prescribed LGP products.

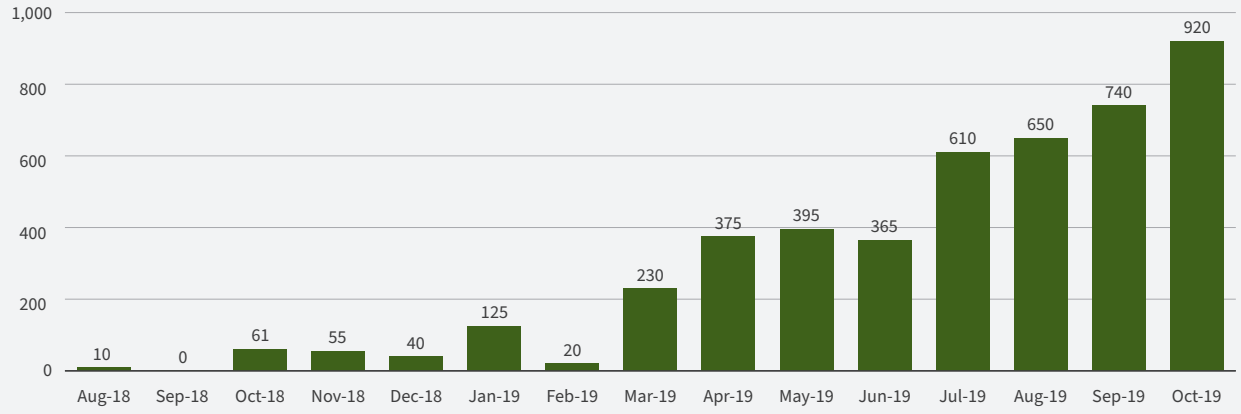
Figure 9: Number of Clinicians Prescribing LGP Products via the SAS-B Pathway



3. Company Overview

The Board considers that LGP has assisted in pioneering the nascent Australian medicinal cannabis industry, with the first sale of locally-grown and produced medicinal cannabis products in Australia in August 2018. Whilst mixed sales data was received during the first six months, sales increased more significantly from March 2019 as a result of the growth in the number of patients receiving SAS-B approvals and the increased number of clinicians prescribing medicinal cannabis products. In October 2019, the Company achieved sales of 920 bottles, being the most sold in any month since launch in August 2018. As at October 2019, LGP has sold more than 4,500 units of product with approximately 45% of patients using LGP products prescribed for the first time in the 3 months prior to the date of the Prospectus.

Figure 10: Number of LGP Medicinal Cannabis Products Sold per Month



(c) International markets

With its cultivation and manufacturing base domiciled in Australia, LGP is seeking to capitalise on Australia's international reputation for high quality, trusted products borne from Australia's leading agricultural and production practices. Australian-branded products have international appeal and LGP intends to leverage this appeal to enter international markets with its product range.

(i) Germany

LGP has identified Germany as a highly prospective territory for market entry, as medicinal cannabis products have been approved for reimbursement through health insurance. To date, the main conditions for which applications have been approved (by number of patients) in Germany are pain, attention deficit hyperactivity disorder (ADHD), spasticity as a symptom of multiple sclerosis and palliative care. In addition, given the current lack of a domestic supply of medicinal cannabis products in Germany, the Company considers this market to be an attractive international entry point for LGP.

To the extent possible, LGP intends to leverage its know-how gained from establishing distribution in Australia to establish distribution channels for its products in Germany via proposed arrangements with CC Pharma GmbH (**CC Pharma**), Deutsche Medizinalcannabis GmbH (**Demecan**) and Cansativa GmbH (**Cansativa**). As at the date of this Prospectus, all of these arrangements are underpinned by indicative non-binding term sheets and a letter of intent as the parties continue to negotiate fully-termed agreements. Refer to Figure 11 below for further details.

As at the date of this Prospectus, LGP's current and proposed arrangements provide for delivery on a "free carrier" (**FCA**) basis from the Manufacturing Partner's facility, save for the proposed Cansativa arrangement which contemplates a delivered duty paid basis into Germany. FCA deliveries require LGP's export customers to manage their own transportation of products into their respective territories.

LGP has established a German subsidiary as part of its future proposed strategy to facilitate the import and export of medicinal cannabis products under its own import licence and via contracted distribution arrangements within Germany.

Further to its business development activities, LGP recently received its first commercial order from CC Pharma of 2,400 units to be distributed to Germany. Fulfilment of this order is expected to take place following completion of the cultivation facility expansion.

Figure 11: Summary of Germany Arrangements

Counterparty	Status	Description
CC Pharma[2] (Germany)	LGP has entered into a non-binding term sheet with CC Pharma which sets out the intention of LGP and CC Pharma to enter into a formal and binding agreement for the supply and purchase of LGP's medicinal cannabis products (**CC Pharma Term Sheet**). The non-binding term sheet provides specific and customary terms and conditions that are intended to be incorporated into the formal and binding agreement. CC Pharma has placed an order for 2,400 bottles of LGP product (1,440 bottles of *LGP Classic 10:10* and 960 bottles of *LGP Classic 20:5*).[1]	CC Pharma is a leading distributor of pharmaceutical products, including medicinal cannabis, to more than 13,000 pharmacies in Germany, as well as throughout Europe. CC Pharma holds 318 active German national pharmaceutical licenses and 692 active EU pharmaceutical licenses, and also operates a production, repackaging and labelling facility at its headquarters in Densborn, Germany. CC Pharma was acquired by Aphria Inc. (TSX:APHA) in January 2019.
Demecan[2] (Germany)	LGP has entered into a non-binding term sheet with Demecan which sets out the intention of LGP and Demecan to enter into a formal and binding agreement for the supply and purchase of LGP's medicinal cannabis products (**Demecan Term Sheet**). The non-binding term sheet provides specific and customary terms and conditions that are intended to be incorporated into the formal and binding agreement.	Demecan is one of three companies globally to achieve a German cannabis license for domestic production giving Demecan a first mover advantage in Germany. The Company's current German operations are designed to import product from other international cannabis producers.
Cansativa[2] (Germany)	LGP has entered into a non-binding letter of intent with Cansativa which sets out the intention of LGP and Cansativa to enter into a formal and binding agreement for the provision of import and distribution services for LGP's medicinal cannabis products (**Cansativa LOI**).	Cansativa is a Good Distribution Practices (GDP) – certified pharmaceutical wholesaler licensed for trade in controlled substances. Cansativa operates its own distribution and fulfilment centre. Cansativa imports and distributes medical cannabis in Germany and supplies pharmacies and pharmaceutical wholesalers throughout Germany.

1. Fulfilment of order is expected to take place following completion of cultivation facility expansion.
2. These arrangements are at indicative non-binding stage only. As is the nature of all business negotiations prior to completion, there can be no certainty that any binding agreement will be reached, or that any concluding arrangement will eventuate.

(ii) Canada and New Zealand

LGP has also entered into proof-of-concept conditional purchase orders with parties in Canada and New Zealand for the sale of LGP products. As at the date of this Prospectus, LGP intends to negotiate further arrangements with these parties with a view to increasing sale volumes once product pathways are successfully demonstrated and the expansion of LGP's cultivation facility is complete.

Figure 12: Summary of Additional Orders

Counterparty	Status	Description
CannMart (Canada)	LGP has entered into a binding supply agreement with CannMart pursuant to which, subject to the satisfaction of certain conditions (including the parties obtaining all requisite approvals), LGP will supply and deliver to CannMart a fixed quantity of 50 bottles of *LGP Classic 10:10*.	CannMart is a subsidiary of Namaste Technologies Inc. (TSXV:N) and operates an online marketplace to distribute cannabis products in Canada. CannMart applied for an import permit with Health Canada in April 2019 and is awaiting the grant of this permit.
Kariki Pharma (New Zealand)	LGP has entered into a binding agreement with Kariki Pharma pursuant to which, subject to the satisfaction of certain conditions (including the parties obtaining all requisite approvals), LGP will supply and deliver to Kariki Pharma a fixed quantity of 70 bottles of *LGP Classic 10:10* over a 12 month period.	Kariki Pharma is a New Zealand based medicinal cannabis business targeting first patient use of its medicinal cannabis products in early 2020.

(iii) UK

The Company intends to establish a presence and product sales in the UK, consistent with its distribution strategy. In November 2019, the first patients in the UK were prescribed LGP products and the Company is presently finalising supply arrangements.

(d) Education Programmes

A key component of the Company's distribution strategy is the education of medical practitioners about medicinal cannabis, as there are significant restrictions regarding the promotion of non-registered pharmaceutical products in the Company's target markets. The Company believes the education of medical practitioners is important to help raise awareness of LGP's products. The Company's education and outreach strategy includes:

- Green Choices – an online education website portal for medical practitioners and the community, sponsored by LGP. Green Choices provides educational materials on medicinal cannabis, including conditions where medicinal cannabis has been anecdotally shown to have a clinical response;
- cannabinoid therapy seminars for medical practitioners and pharmacists led by key opinion leaders with experience prescribing cannabinoid medicines to patients. These seminars are focus groups aimed at educating medical practitioners about the endocannabinoid system and the prescription process for cannabinoid medicines;
- speaking engagements and sponsorship of conferences in target territories aimed at raising awareness of medicinal cannabis; and
- education programmes for distributors of LGP branded products, who will be key to liaising with pharmacy groups and medical practitioners across markets.

In addition, the Company considers patient advocates to be a particularly important and influential group to assist in raising awareness of medicinal cannabis products and treatments.

3.8 Clinical Development

LGP believes that its brand recognition and reputation as a medicinal cannabis provider will likely be derived from its commitment to clinical development activities aimed at developing innovative products, including novel delivery systems and precisely formulated cannabinoid products, as well as improving the methods, processes and technologies employed to manufacture such products on a commercial scale.

Below are brief descriptions of the Company's current clinical development programme activities:

(a) Patented Small Particle Formulation

LGP's research has indicated that its small particle formulation product may offer two primary advantages:

(i) the manufacturing method uses high-pressure, cool-temperature homogenisation, which is anticipated to better preserve the natural profile of cannabinoids and terpenes present in the plant material. Alternative homogenisation methods, such as ultrasonication are known to decarboxylate many cannabinoids and alter the natural profile of cannabinoids and terpenes in the plant material; and

(ii) the use of a small particle emulsion is anticipated to result in more rapid absorption, higher bioavailability, prolonged therapeutic effects, lower toxicity, and improved ease of administration and dosage control than simple oil products.

A 2018 independent scientific review by the University of Otago suggested that a small particle formulation product may represent a significant improvement over currently available cannabis oil delivery systems and could enable a three to six-fold reduction in the cannabinoid dosage required to achieve an equivalent therapeutic effect compared to LGP's existing medicinal cannabis oil products. Reducing the dosage may help alleviate many of the dose dependent adverse effects and reduce the cost-per-dosage administered.

Should product development be successful, it is planned that the liposomal small particle technology and patented formulation would then undergo additional trials as may be required to progress to a SAS-B pathway prescription drug.

(b) ARISE

As at the date of this Prospectus, LGP is progressing a novel product development and formulation project with Curtin University in Western Australia. Curtin University owns a patented atomised rapid injection for solvent extraction (**ARISE**) technology that generates particles of active pharmaceutical ingredients that are more readily absorbed by the body. The Company, together with its Scientific Advisor and inventor of the ARISE technology, Dr Neil Foster, is finalising a research and development agreement with Curtin University pursuant to which the parties will seek to explore new formulations that utilise the ARISE technology, including buccal drug delivery systems and fast-dissolving oral formulations capable of delivering micro-dose cannabinoid therapy.

Meanwhile, the Company and Curtin University have also entered into a licence agreement for the exclusive use of the ARISE patented technology in connection with cannabis as well as any new intellectual property generated by this research and development agreement.

(c) Other opportunities

LGP is also continuing to negotiate a fully-termed agreement in connection with its non-binding term sheet with OBJ Limited (ASX:OBJ) for the development of cannabis related products utilising OBJ Limited's diamagnetic microarray transdermal technology. The proposed project would be supported by product development services provided by Curtin University.

As at the date of this Prospectus, the Manufacturing Partner is also licensed to produce, amongst others, suppository, gel cap, emulsion and spray products, and the Company may consider offering one or more of these delivery formulations in the future.

(d) Clinical Investigations

In addition to the above opportunities, LGP is involved in several clinical investigations, including two open-label designed studies as well as a double-blind placebo-controlled clinical trial run by a leading Australian research organisation for palliative care and advanced cancer.

These study and trial outcomes will assist in informing the Company's future clinical trial plans and product development.

3. Company Overview

Figure 13: Overview of Areas of Clinical Study by LGP

	Study 1	Study 2	Study 3	Study 4	Study 5
Therapeutic area	Chronic Pain	PTSD	Pain, PTSD, MS	Pain in patients with Dementia	Advanced Cancer patients in Palliative Care
Partner	Cannabis Access Clinic (Biologics Research Institute Australia)	Dr Mathew Samuels (Psychiatrist Ramsay Health)	LGP Clinical Audit Patient-led enrolment	PainChek, Collaborative Primary Healthcare	Mater Misericordiae Ltd. and Mater Research Ltd.
Outline of the Study	Open-label study investigating the analgesic efficacy of *LGP Classic 10:10* and *LGP Classic 20:5* in patients with chronic pain	Open-label pilot study in 15-20 patients; impact of medicinal cannabis on symptoms; review of changes from baseline over 12 weeks	Open-label study in 200+ patients; assessing the impact of medicinal cannabis on symptoms; review of changes from baseline over 12 weeks	Open-label pilot study in 15-20 patients; impact of medicinal cannabis on symptoms; review of changes from baseline over 12 weeks	Double-blind, placebo-controlled multi-centre trial with 144 patients
Status	Underway (100+ patients)	Submitted to HREC	HREC approved, Preparing sites	Preparing to submit to HREC	Underway
Time Horizon	Commenced Apr. 2019	Commencing Jan. 2020	Commencing Feb. 2020	Commencing Apr. 2020	Commenced Sep. 2019
Internal funding secured?	✓ (R&D rebate applies)	✓ (R&D rebate applies)	✓ (R&D rebate applies)	✓ (R&D rebate applies)	n/a
Budgeted cost to LGP	$80 per patient, per month	$50K	$100K	$150K	Nil
Product	Patient pays full price	Patient pays full price	Patient pays full price	Patient pays full price	Active and Placebo products supplied free of charge by LGP

3.9 Intellectual Property

LGP has a registered Australian patent over its small particle formulation product. This patent was granted with 34 claims, including claims to a pharmaceutical preparation, claims to methods of preparing the pharmaceutical preparation and claims to methods of treating disease using the pharmaceutical preparation. Refer to Section 8 for further details on the Company's intellectual property.

Country	Status	National application date	Patent Application No.
Australia	Granted	17 November 2017	2017250001

The Company has also filed for international protection in ARIPO (the African Regional Intellectual Property Organization, which entitles applicants to register patents in its member states), Canada, China, the US, Israel, New Zealand, India, Mexico, South Africa and the EU.

LGP anticipates that it may apply for further patents in 2020 based on its collaboration with Curtin University around its ARISE technology.

In Australia, LGP has a registered trademark for the brand "Little Green Pharma" and associated leaf logo (categories 5, 35 and 42) and the product name "LGP" (category 5 only). LGP has filed for trade mark protection (category 5 only) in the EU, New Zealand and the United States.

3.10 Australian Medicinal Cannabis Licences

LGP holds all licences and permits required in Australia to cultivate, produce and sell medicinal cannabis and all licences to import and export medicinal cannabis products. The Manufacturing Partner holds all relevant licences and permits to manufacture and distribute finished medicinal cannabis products for LGP and holds licences to import and export medicinal cannabis products outside Australia. An overview of the licences and permits held by the Company is detailed in Figure 14 below.

Figure 14: Overview of LGP Licences and Permits

Approval	Description	Issuer	Renewal Date
Medicinal Cannabis Licence	Authorises the cultivation (the growing of cannabis plants) and production	ODC	28 May 2020
Medicinal Cannabis Permit	Establish the quantities of cannabis mother plants and flowering plants LGP is permitted to cultivate and produce		28 May 2020
			28 May 2020
Indent Licence	Allows on-sale of cannabis products to holders of appropriate wholesale and retail licences	State Health (WA)	9 April 2020
Schedule 9 Licence	Allows supply of Schedule 9 cannabis products		8 August 2020
Licence to Import	Authorises the importation of cannabis products subject to obtaining permit for specific import quantities	ODC	31 December 2019
Licence to Export	Authorises the export of cannabis products subject to obtaining permit for specific export quantities		31 December 2019
ARTG (Export only) listing: ***10:10 LGP Classic***	Lists specific cannabis products for export on the ARTG	Therapeutic Goods Administration	n/a
ARTG (Export only) listing: ***T10:C10 LGP Classic***			
ARTG (Export only) listing: ***20:5 LGP Classic***			
ARTG (Export only) listing: ***T20:C5 LGP Classic***			

LGP intends to ensure that renewal applications are submitted in advance of their respective renewal dates and will liaise closely with each of the applicable regulatory bodies to ensure on-going compliance with relevant regulations. The ODC completed an audit of LGP in March 2019 with no material issues raised and the Company is awaiting an audit report from its most recent audit in November 2019.

3. Company Overview

3.11 Growth Strategy

The Company's growth strategy is designed to capitalise on its assets and developments to date to ensure sustainable growth into the future.

Figure 15: Overview of LGP Growth Strategy

<table>
<tr><th></th><th>Growth Strategy</th></tr>
<tr><td>Cultivation and Production</td><td>LGP is expanding its cultivation facility in the south west region of Western Australia. An overview of the expansion is as follows:

<table><tr><th></th><th>Existing</th><th>Expanded</th></tr><tr><td>Mother rooms</td><td>1</td><td>2</td></tr><tr><td>Cloning rooms</td><td>1</td><td>1</td></tr><tr><td>Vegetative rooms</td><td>–</td><td>2</td></tr><tr><td>Flowering rooms</td><td>2</td><td>9</td></tr></table>
Following its expansion, the cultivation facility will have the capacity to produce sufficient cannabis flower to manufacture more than 110,000 bottles of medicinal cannabis oil (equivalent to approximately 1,750kgs of dry cannabis flower) per annum. As at the date of this Prospectus, LGP has the capacity to produce approximately 15,000 bottles of medicinal cannabis oil.

LGP also intends to:

• move drying and storage operations into the Company's leased property adjacent to its existing cultivation facility; and

• optimise and increase frequency of room harvests from every three months to every two weeks.

If required, the adjoining site also has an additional 3,000sqm capacity for further expanded cultivation facilities in the future.

As demand increases, the Company will seek to increase its production capacity by optimising and expanding its Australian cultivation operations and increasing production at the Manufacturing Partner's facility.

LGP and the Manufacturing Partner have commenced the importation of quantities of cannabis resins from eligible suppliers in various overseas jurisdictions in order to supplement cannabis production by LGP.</td></tr>
<tr><td>Manufacturing</td><td>LGP has an exclusive six-year term manufacturing agreement with the Manufacturing Partner, a fully licenced TGA GMP-certified medicinal cannabis manufacturer.

Subject to LGP achieving the Maximum Subscription under the Offer, the Company plans to commence construction of manufacturing facilities capable of being TGA GMP-certified for extraction activities on its leased premises adjacent to its present cultivation facility. LGP has applied for an ODC manufacturing licence over its proposed manufacturing facility site and intends to apply for TGA GMP-certification in the future.

The Manufacturing Partner has a TGA GMP-certified manufacturing facility, which is a prerequisite for Australian medicinal cannabis producers to sell medicinal cannabis products into Australia and overseas. If required, the Manufacturing Partner is able to expand manufacturing capacity in line with demand and has the capability to develop alternative medicinal form factors and delivery systems.

The Company also proposes to enter into product manufacture and supply arrangements to supplement the manufacturing capacity of the Manufacturing Partner (if required).</td></tr>
</table>

	Growth Strategy
Products	As at the date of this Prospectus, LGP produces and markets three medicinal cannabis products. LGP is also targeting the release of three additional Classic Oil products, *"LGP Classic 50"* being a <0.2mg THC: 50mg CBD oil, *"LGP Classic CBD 1:50"*, being a 1mg THC: 5mg CBD oil and *"LGP Classic 1:100"* a 1mg THC: 100mg CBD oil in early 2020. LGP may also expand the existing *"Classic"* product range with the planned launch of new "Plus" and "Plus Natural" liposomal product ranges should product development of these lines be successful. Refer to Section 3.8(a) for further details. In addition, LGP intends to: • expand its current range of products to include other delivery forms; and • explore opportunities with alternative medicinal cannabis delivery systems.
Distribution, Market Engagement and Education	LGP has: • entered into binding and non-binding distribution arrangements with counterparties in Australia and Germany and has received proof-of-concept conditional purchase orders for LGP products from New Zealand and Canada; and • implemented an education and outreach strategy, including via the Green Choices portal, aimed at the education of physicians and patients and supporting patient access to medicinal cannabis. The planned expansion of LGP's production capacity at its adjacent leased property will seek to assist LGP in fulfilling product demand in Australia and overseas jurisdictions going forward. LGP aims to: • increase market penetration in Australia, by building on the existing 119 clinicians who have prescribed the Company's products and the 1,400+ patients who have used LGP medicinal cannabis products in Australia by promoting the Green Choices portal to educate physicians and support patient access to medicinal cannabis; • help physicians and patients navigate the product approval processes to reduce overall time, effort, and cost; • increase medicinal cannabis awareness and credibility in Australia and Europe by working closely with key opinion leaders and healthcare professionals; and • capitalise on Australia's international reputation for trusted and high-quality products and expand its geographical footprint to Germany, Canada, the UK and New Zealand. LGP intends to establish an LGP office and hub in Germany with the aim to creating a platform for distribution to the European markets.
Clinical Development	LGP intends to progress a number of clinical programmes and explore alternative drug delivery technologies with a view to supplying any resulting products through the SAS-B approval pathway and potentially through the drug registration pathway. LGP intends to: • progress research and development of its liposomal small particle technology and patented formulation; • explore new formulations that utilise the ARISE technology; and • continue to undertake research and development of alternative delivery techniques with the aim of identifying additional patentable innovations. LGP has also established a Swiss entity to serve as its possible platform for further potential research and development activities.

4.
Financial Information

4. Financial Information

4.1 Financial information

The financial information for the Little Green Pharma Group in this Section 4 includes information for the financial period ended 30 June 2017, and the year ended 30 June 2018 for the parent entity and the consolidated financial information for the year ended 30 June 2019.

There are significant uncertainties associated with forecasting revenues and expenses of the Group. In light of the uncertainty as to timing and outcome of the Group's growth strategies and the general nature of the industry in which the Group operates, as well as uncertain macro market and economic conditions in the Group's markets, the Group's performance in any future period cannot be reliably estimated. On this basis and after considering ASIC Regulatory Guide 170, the Directors do not believe they have a reasonable basis to reliably forecast future earnings and accordingly forecast financial information is not included in this Prospectus.

4.2 Introduction

The financial information set out in this Section includes the following:

(a) Summary historical Statements of Profit or Loss and Other Comprehensive Income for the 8 months ended 30 June 2017 ("**FY2017**"), year ended 30 June 2018 ("**FY2018**"), and summary historical Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019 ("**FY2019**");

(b) Summary historical Statements of Financial Position as at 30 June 2017 and 30 June 2018, and summary historical Consolidated Statement of Financial Position as at 30 June 2019;

(c) Summary historical Statements of Cash Flows for the 8 months ended 30 June 2017, year ended 30 June 2018, and summary historical Consolidated Statement of Cash Flows for the year ended 30 June 2019;

Together referred to as the 'Historical Financial Information'.

(d) The pro forma consolidated Statement of Financial Position of the Group as at 30 June 2019 and supporting notes which includes the impacts of the Offer and subsequent events;

Referred to as the "Pro Forma Historical Financial Information".

The Historical and Pro Forma Historical Financial Information should be read together with the other information contained in this Prospectus, including:

(a) Management's discussion and analysis set out in this section;

(b) The risk factors described in Section 6;

(c) The Investigating Accountant's Report in Section 5; and

(d) The other information contained in this Prospectus.

Investors should also note that historical results are not a guarantee of future performance.

4.3 Basis of preparation of the Historical and Pro Forma Financial Information

(a) Background

The Historical Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) and Interpretations issued by the International Accounting Standards Board.

The Pro Forma Historical Financial Information has been prepared in a manner consistent with the recognition and measurement principles contained in AAS, which are consistent with IFRS, applied to the historical statement of financial position and the events and transactions to which the pro forma adjustments relate.

The Historical and Pro Forma Historical Financial Information is presented in an abbreviated form insofar as it does not include all the presentation, disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001. Significant accounting policies applied to the Historical and Pro Forma Historical Financial Information are noted at the end of this section under the heading 'Significant Accounting Policies'. The accounting policies of the Group have been consistently applied throughout the periods presented.

The Group's financial statements have been audited by Deloitte Touche Tohmatsu for the period ended FY2017 and years ended FY2018 and FY2019. An unqualified audit opinion was issued for each of those periods with a *Material Uncertainty Related to Going Concern paragraph* included in the audit opinion in respect of the financial statements for FY2019. This draws attention to The Group's dependence on successfully completing the proposed transaction (the "**Offer**") contemplated in this Prospectus. The same matters are relevant for the preparation of this financial information.

4. Financial Information

The Directors are responsible for the inclusion of all financial information in this Prospectus. Investors should note that historical financial performance is not a guide for future financial performance.

The Historical and Pro Forma Historical Financial Information has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Fundraising and/or Prospective Financial Information*, by Deloitte Corporate Finance Pty Limited, whose Investigating Accountant's Report is contained in Section 5. Investors should note the scope and limitations of the report.

All amounts disclosed in this section are presented in Australian Dollars unless otherwise noted.

4.4 Historical Statements of Profit or Loss and Other Comprehensive Income

The table below presents the summarised historical Statements of Profit or Loss and Other Comprehensive Income for FY2017, FY2018 and FY2019.

	Ref	Year Ended 30 June 2019	Year Ended 30 June 2018	Period Ended 30 June 2017[1]
Revenue				
Medicinal cannabis sales	i	**248,500**	–	–
Cost of sales				
Cost of goods sold	ii	**(200,231)**	–	–
Gain on changes in fair value of biological assets	iii	**52,456**	–	–
Gross margin	**iv**	**100,725**	**–**	**–**
Expenses				
General and administrative	v	**(3,546,195)**	(1,713,281)	(178,281)
Sales and marketing	vi	**(646,458)**	(138,015)	(2,377)
Education	vi	**(475,262)**	(138,280)	–
Licences, permits and compliance costs	vii	**(491,419)**	(171,039)	(12,722)
Research and development	viii	**(372,792)**	(203,540)	(23,797)
		(5,532,126)	(2,364,155)	(217,177)
Loss from operations		**(5,431,401)**	(2,364,155)	(217,177)
Interest income		**4,164**	8,337	172
Interest expenses		**(4,681)**	(1,837)	(153)
Research and development incentive	ix	**260,529**	46,110	–
Fair value changes in financial assets	x	**(346,326)**	(1,445,385)	–
Net foreign exchange		**(414)**	(878)	–
Loss before tax		**(5,518,129)**	**(3,757,808)**	**(217,158)**
Tax expense		**–**	–	–
Loss after tax		**(5,518,129)**	**(3,757,808)**	**(217,158)**
Other Comprehensive Income				
Items that may be reclassified subsequently to the profit or loss				
Exchange fluctuations on translation of foreign operations		**(8,070)**	–	–
Total comprehensive loss net of tax		**(5,526,199)**	**(3,757,808)**	**(217,158)**

1. Period 8 months to 30 June 2017.

(a) Management discussion and analysis of the historical financial performance

Below is a discussion of the main factors which affected the operations and relative financial performance in FY2017, FY2018 and FY2019. The discussion of these general factors is intended to provide a summary only and does not detail all factors that affected the Group's historical operating and financial performance, nor everything which may affect the Group's expected operations and financial performance in the future.

(i) **Revenue:** In August 2018, the Group became the first Australian cannabis company to sell locally grown and produced medicinal cannabis products for patients. A total of 1,682 bottles were sold during this period.

(ii) **Cost of goods sold:** The cost of goods sold represents the direct and indirect costs of materials and labour required to produce the medicinal cannabis products which have been sold during the period.

(iii) **Change in fair value of biological assets:** The change in fair value of biological assets represents the gain associated with the growth of the cannabis plants until the point of harvest. This is determined as the fair value less cost to sell which then becomes the basis for the cost of work in progress or finished goods inventories.

(iv) **Gross margin:** The gross margin represents the revenue generated during the period less the cost of those goods to be produced including any change in fair value of biological assets as they grow.

(v) **General and administrative expenses:** The general and administrative expenses relate to the professional, director and consulting fees, share based payments and general overheads. During the year ended 30 June 2019, there was a one-off cost of $747,392 associated with an aborted transaction associated with a potential listing in a different jurisdiction.

(vi) **Sales and marketing and education expenses:** The sales and marketing expenses as well as the education expenses represent the direct costs associated with the specified activities.

(vii) **Licences, permits and compliance costs:** The licences, permits and compliance costs represent the direct costs associated with obtaining and maintaining the Group's licences to operate.

(viii) **Research and development expenses:** The research and development expenses represent the direct costs associated with the Group's research and development programs, both in the short term around bringing products to market as well as longer term objectives such as clinical trials.

(ix) **Research and development incentive:** The research and development incentive represents the rebate from the Australian government for expenditure incurred in the previous year which is subject to a tax rebate or grant.

(x) **Fair value changes in financial assets:** The fair value changes in financial assets represent the change in market value of the investments held by the Group. During the year ended 30 June 2018 LGC Capital (now Elixxer Ltd) issued 5,660,000 shares in LGC Capital (Elixxer) to the Company valued at $635,435. Later in that year, the Company issued 2,283,495 shares to LGC Capital (Elixxer) at a share price of $1.16 in exchange for 5,000,000 shares in LGC Capital (Elixxer) valued at $2,657,950. This investment was subsequently written down at 30 June 2018 to its fair value resulting in a loss of $1,445,385. During the year ended 30 June 2019, the Group sold all LGC Capital (Elixxer) shares and realised a total of $1,501,674 in cash resulting in a total fair value loss of $1,791,711 inclusive of a further write down in FY2019 of $346,316.

4. Financial Information

4.5 Historical Statements of Cash Flows

The table below presents the summarised historical statements of Cash Flows for FY2017, FY2018, and FY2019.

	Ref	Year Ended 30 June 2019	Year Ended 30 June 2018	Period Ended 30 June 2017[1]
Operating activities				
Net loss before tax		**(5,518,129)**	(3,757,808)	(217,158)
Items not involving cash				
Changes in fair value of biological assets		**(52,456)**	–	–
Depreciation and amortisation		**94,395**	49,625	11,748
Changes in fair value of financial assets		**346,326**	1,445,385	–
Share-based payments		**702,743**	601,171	161,472
Changes in non-cash operating working capital				
Inventory and biological assets		**(351,134)**	(110,150)	–
Accounts receivable		**(88,280)**	35,661	–
Prepaid expenses		**124,938**	(73,680)	(56,713)
Accounts payable and accrued liabilities		**1,263,852**	208,768	75,406
Employee benefits obligations		**156,342**	30,498	–
Net cash flows from operating activities	i	**(3,321,403)**	(1,570,530)	(25,245)
Investing activities				
Purchase of plant and equipment		**(374,611)**	(234,913)	(75,821)
Purchase of intangible assets		**(99,255)**	(64,036)	(13,794)
Proceeds from sale of financial assets		**1,501,674**	–	–
Repayment of loans to related parties		**–**	(56,373)	56,373
Refundable deposits		**–**	(60,000)	(10,697)
Net cash flows from investing activities	ii	**1,027,808**	(415,322)	(43,939)
Financing activities				
Convertible note issuance		**1,320,000**	–	–
Proceeds from issue of shares		**–**	2,784,346	795,950
Costs associated with the issue of shares		**–**	(51,250)	–
Net cash flows from financing activities	iii	**1,320,000**	2,733,096	795,950
Net change in cash and cash equivalents		**(973,595)**	747,244	726,766
Cash and cash equivalents, beginning of year		**1,474,010**	726,766	–
Effect of changes in foreign exchange		**9,871**	–	–
Cash and cash equivalents, end of year		**510,286**	1,474,010	726,766

1. Period of 8 months to 30 June 2017.

(a) Management discussion and analysis of the historical Cash Flows

Below is a discussion of the main factors which affected the cash flows in FY2017, FY2018 and FY2019. The discussion of these general factors is intended to provide a summary only and does not detail all factors that affected the Group's historical cash flows, nor everything which may affect the Group's expected cash flows in the future.

(i) **Operating cash flows:** The Group currently operates at a loss as it ramps up production which results in a net cash outflow from operating activities.

(ii) **Investing cash flows:** The Group is currently investing in plant and equipment while it ramps up production as well as furthering its intellectual rights portfolio. The Group also sold all its LGC Capital (Elixxer) shares during the year ended 30 June 2019.

(iii) **Financing cash flows**: In the periods ended 30 June 2017 and 2018 the Company raised funds through equity. In the year ended 30 June 2019 the Group issued convertible notes to the value of €825,000 ($1,320,000) in its German subsidiary.

Refer to section 4.7 for information relating to the Group's ability to continue as a going concern.

4. Financial Information

4.6 Historical Statements of Financial Position

The table below presents the summarised historical Statements of Financial Position as at FY2017, FY2018 and FY2019.

	30 June 2019	30 June 2018	30 June 2017
Assets			
Current assets			
Cash and cash equivalents	**510,286**	1,474,010	726,766
Biological assets	**142,953**	68,237	–
Inventory	**370,787**	41,913	–
Accounts receivable	**88,280**	–	35,661
Prepaid expenses	**5,455**	130,393	56,713
Total current assets	**1,117,761**	1,714,553	819,140
Plant and equipment	**609,617**	314,585	124,762
Intangible assets	**158,064**	73,625	14,124
Refundable deposits	**70,697**	70,697	10,697
Other financial assets	**–**	1,848,000	–
Total non-current assets	**838,378**	2,306,907	149,583
Total assets	**1,956,139**	4,021,460	968,723
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	**1,726,722**	351,784	145,745
Employee benefit obligations	**186,840**	30,498	–
Borrowings	**–**	–	56,373
Total current liabilities	**1,913,562**	382,282	202,118
Convertible notes	**1,330,645**	–	–
Total non-current liabilities	**1,330,645**	–	–
Total liabilities	**3,244,207**	382,282	202,118
Net (liabilities)/assets	**(1,288,068)**	3,639,178	766,605
Shareholders' equity			
Share capital	**7,317,514**	7,221,577	983,763
Reserves	**887,511**	392,565	–
Accumulated losses	**(9,493,093)**	(3,974,964)	(217,158)
Total shareholders' equity/(deficiency)	**(1,288,068)**	3,639,178	766,605

4.7 Pro Forma Consolidated Statement of Financial Position

The table below sets out the pro forma adjustments that have been made to the historical Consolidated Statement of Financial Position as at 30 June 2019 in order to prepare the Pro Forma Consolidated Statement of Financial Position. These adjustments reflect the events and assumptions discussed below, including the issue of convertible notes prior to the Offer, receipt of the Offer proceeds and the impact of the conversion of all convertible notes on issue following completion of the minimum $5 million Offer, as though they had occurred or were in place as at 30 June 2019.

The Pro Forma Consolidated Statement of Financial Position is provided for illustrative purposes.

	Ref	30 June 2019	Subsequent Events(a)	Impacts of the Offer(a)	Pro Forma 30 June 2019
Assets					
Current assets					
Cash and cash equivalents	b	510,286	8,413,885	4,478,000	**13,402,171**
Biological assets		142,953	–	–	**142,953**
Inventory		370,787	–	–	**370,787**
Accounts receivable		88,280	–	–	**88,280**
Prepaid expenses		5,455	–	–	**5,455**
Total current assets		1,117,761	8,413,885	4,478,000	**14,009,646**
Plant and equipment		609,617	–	–	**609,617**
Intangible assets		158,064	–	–	**158,064**
Refundable deposits		70,697	–	–	**70,697**
Total non-current assets		838,378	–	–	**838,378**
Total assets		1,956,139	8,413,885	4,478,000	**14,848,024**
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities		1,726,722	–	–	**1,726,722**
Employee benefit obligations		186,840	–	–	**186,840**
Total current liabilities		1,913,562	–	–	**1,913,562**
Convertible notes	c	1,330,645	8,515,049	(9,845,694)	**–**
Total non-current liabilities		1,330,645	8,515,049	(9,845,694)	**–**
Total liabilities		3,244,207	8,515,049	(9,845,694)	**1,913,562**
Net (liabilities)/assets		(1,288,068)	(101,164)	14,323,694	**12,934,462**
Shareholders' equity					
Share capital	d	7,317,514	–	15,111,019	**22,428,533**
Reserves	e	887,511	235,780	817,570	**1,940,861**
Accumulated losses	f	(9,493,093)	(336,944)	(1,604,895)	**(11,434,932)**
Total shareholders' equity/(deficiency)		(1,288,068)	(101,164)	14,323,694	**12,934,462**

4. Financial Information

If the maximum amount to be raised under the Offer of $10,000,000 is achieved, it would result in net additional cash and share capital of approximately $4,700,000.

(a) Pro forma adjustments

The adjustments contemplated in this Prospectus which are to take place on or before the completion of the Offer, are presented as if they, together with the Offer, have occurred as at 30 June 2019.

With the exception of the subsequent events and pro forma transactions noted below, no other material transactions have occurred between 30 June 2019 and the date of this Prospectus which the Directors consider require disclosure.

Subsequent Events:

(i) **Pre IPO Convertible Notes:** On 15 July 2019, the Group issued convertible notes to the value of $9,000,000 which mandatorily convert on an initial public offering. Half of the notes convert at $0.30 while the other half convert at the higher of a 30% discount to the initial public offering price and $0.30. The convertible notes that were in existence at 30 June 2019 had their terms updated to be consistent with the newly issued convertible notes.

(ii) **Pre IPO Convertible Notes Expenses:** The cash costs associated with issuing the convertible notes (including broking, legal, accounting and administrative fees) were $586,115 and have been deducted from the carrying value of the Convertible Notes.

(iii) **Accrued interest on Convertible Notes:** A total interest and foreign exchange charge of $336,944 is expected to be incurred on the convertible notes which will also be converted into equity at the time of the initial public offering.

(iv) **Equity Component of Convertible Notes:** When convertible notes meet specific criteria under the accounting standards, they are deemed to have an embedded equity portion. The difference between the fair value of the debt and the gross proceeds is recorded in equity, in this case, $235,780.

Impacts of the Offer:

(v) **Proceeds from shares issued under the Offer:** A minimum of 11,111,111 ordinary shares will be issued at $0.45 per share resulting in the Group raising a minimum of $5,000,000 under the Offer.

(vi) **Costs associated with the Offer:** The total expenses associated with the Offer (including broking, legal, accounting and administrative fees as well as printing, advertising and other expenses) are estimated to be $522,000. The costs which directly relate to the issue of new shares are estimated to be $320,790 which have been offset against share capital, while the remaining costs totalling $201,210 have been expensed to accumulated losses.

(vii) **Conversion of Convertible Notes on IPO:** As part of the IPO, the convertible notes including interest accrual, will convert into 34,711,975 shares. These notes comprise the $9,000,000 of principal from the convertible notes issued in July 2019, $1,350,000 of principal from the convertible notes plus accrued interest of $317,589 to the estimated date of conversion. The Company has adopted an accounting policy of not recognising any gain or loss on the conversion of the convertible notes and the equity issued is recognised at the carrying value of the convertible notes (including the embedded derivatives therein).

(viii) **Share based payments:** As part of the initial public offering, 625,000 shares will be issued to key management personnel with a fair value of $281,250. In addition, some of the Company's historical share based payments also vest upon an IPO, at which point, any remaining un-expensed portion is immediately expensed. This totalled an additional $536,320.

Other items not included in pro forma adjustments:

(ix) **Expenditure on plant and equipment:** Between 1 July 2019 and 31 October 2019 a total of approximately $2,100,000 was spent on plant and equipment. This predominately related to the expansion of the production facility. Due to the nature of the expansion works, the Company does not have any capital commitments. Total capital on expansion works will ultimately be dependent on the level of funding raised via this Offer.

(x) **Working capital:** Between the period 1 July 2019 and 31 October 2019 working capital increased by approximately $1,500,000.

(xi) **Revenue:** The Group generated revenue of $293,187 during the three months ended 30 September 2019 and $136,050 during October 2019.

(xii) **R&D Refund:** In late November 2019, the Company received an R&D refund of approximately $600,000 for amounts previously spent.

(xiii) **Other:** AASB 16 will be adopted from its mandatory adoption date of 1 July 2019. The Group has completed an assessment of the impact on its consolidated financial statements at 30 June 2019 and based on this assessment the Group expects to recognise a right of use asset of approximately $688,000 and a corresponding associated lease liability.

(b) Pro forma cash and cash equivalents

The pro forma cash and cash equivalents has been set out below:

	Pro forma adjustment	Pro forma $
Audited 30 June 2019		
Cash and cash equivalents		**510,286**
Subsequent events:		
Pre IPO Convertible Notes	a(i)	**9,000,000**
Pre IPO Convertible Notes costs	a(ii)	**(586,115)**
Impacts of the Offer:		
Proceeds from shares issued under the Offer	a(v)	**5,000,000**
Costs associated with the Offer	a(vi)	**(522,000)**
Cash and cash equivalents		**13,402,171**

(c) Pro forma Convertible Notes

The movement in pro forma Convertible Notes has been set out below:

	Pro forma adjustment	Pro forma $
Audited 30 June 2019		
Convertible Notes		**1,330,645**
Subsequent events:		
Pre IPO Convertible Notes	a(i)	**9,000,000**
Pre IPO Convertible Notes costs	a(ii)	**(586,115)**
Accrued interest and foreign exchange on Convertible Notes	a(iii)	**336,944**
Equity component of Convertible Note	a(iv)	**(235,780)**
Impacts of the Offer:		
Conversion of Convertible Notes on IPO	a(vii)	**(9,845,694)**
Convertible notes		**–**

(d) Pro forma share capital

The pro forma share capital have been set out below:

	Pro forma adjustment	Pro forma $
Audited 30 June 2019		
Share capital		**7,317,514**
Impacts of the Offer:		
Proceeds from shares issued under the Offer	a(v)	**5,000,000**
Costs associated with the Offer	a(vi)	**(320,790)**
Conversion of Convertible Notes on IPO	a(vii)	**10,431,809**
Share capital		**22,428,533**

The pro forma number of shares has been set out below:

	Pro forma adjustment	Pro forma
30 June 2019		
Shares on issue		**69,579,336**
Subsequent events:		
Historic performance rights converted to shares		**6,233,335**
Impacts of the Offer:		
Shares issued under the Offer	a(v)	**11,111,111**
Shares issued on conversion of the Convertible Notes	a(vii)	**34,711,975**
Performance shares issued to key management personnel	a(viii)	**625,000**
Shares on issue		**122,260,757**

Refer to Section 10.4 for details of the ownership of Shares immediately prior to and immediately following completion of the Offer.

(e) Pro forma reserves

The pro forma reserves has been set out below:

	Pro forma adjustment	Pro forma $
Audited 30 June 2019		
Reserves		**887,511**
Subsequent events:		
Convertible note equity portion (equity reserve)	a(iv)	**235,780**
Impacts of the Offer:		
Performance shares issued to key management personnel	a(ix)	**281,250**
Acceleration of previously issued share-based payments	a(viii)	**536,320**
Reserves		**1,940,861**

(f) Pro forma accumulated losses

The pro forma accumulated losses has been set out below:

	Pro forma adjustment	Pro forma $
Audited 30 June 2019		
Accumulated losses		**(9,493,093)**
Subsequent events:		
Accrued interest and foreign exchange on Convertible Notes	a(iii)	**(336,944)**
Impacts of the Offer:		
Amortisation of Pre IPO capital raise expenses	a(ii)	**(586,115)**
Costs associated with the Offer	a(vi)	**(201,210)**
Performance shares issued to key management personnel	a(viii)	**(281,250)**
Acceleration of previously issued share-based payments	a(viii)	**(536,320)**
Accumulated deficit		**(11,434,932)**

(g) Other Matters

The Group had non-cancellable operating lease commitments totalling $80,000 of which all is due within the next 12 months. The Group has no committed capital expenditure at present, however the Group is currently expanding its production facilities as contemplated in this Prospectus.

4.8 Significant Accounting Policies

Basis of preparation

The historical financial information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board. The financial information has been prepared on an accruals basis and is based on historical cost except for certain financial instruments, some share based payments and biological assets which are measured at fair value.

Going Concern

The pro forma financial information has been prepared on the going concern basis. The 30 June 2019 Financial statements included a material uncertainty in respect of the ability of the Group to continue as a going concern and the same basis applies for this financial information.

The Historical and Pro Forma Financial Information have been prepared on the going concern basis which assumes that the Group will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at 30 June 2019, the Group had not yet achieved profitable operations, incurring a net loss of $5,518,129 and experiencing net cash outflows from operations of $3,321,403 for the year then ended. Additionally, the Group had negative working capital of $795,801 and a net liability position of $1,288,068 as at 30 June 2019.

Subsequent to year-end, the Company issued $9,000,000 of convertible notes with a maturity date of 31 July 2020 but are mandatorily convertible to equity upon IPO occurring prior to maturity date.

Given this, the Group's ability to continue as a going concern is dependent on the completion of the IPO which would result in the mandatory conversion of the convertible notes into equity. Should the IPO not proceed the Company will be required to re-finance or re-negotiate the convertible notes and/or raise additional equity to extinguish the convertible notes by 31 July 2020.

The Directors are of the opinion that the Group will be able to continue as a going concern and accordingly the Historical and Pro Forma Financial Information has been prepared on the going concern basis.

However, in the event the Group is unable to complete the IPO there exists a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern, and therefore whether it will realise its assets and discharge its liabilities in the normal course of business. The Historical and Pro Forma Information does not include any adjustments to the recoverability and classification of recorded asset amounts or to the amount and classification of liabilities that might be necessary should the Group be unable to continue as a going concern.

Summary of significant accounting policies

(a) Cash and cash equivalents

Cash and cash equivalents include cash and redeemable short-term deposits with a maturity of less than three months held at major financial institutions.

(b) Biological assets

The Group measures biological assets consisting of cannabis plants at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of work in progress or finished goods inventories after harvest.

Biological assets are classified as Level 3 on the fair value hierarchy with the following inputs and assumptions being subject to significant volatility and uncontrollable factors which could significantly affect their fair value in future periods:

- plant waste – wastage of plants based on various stages of growth;
- yield per plant – represents the weighted average grams of dry cannabis expected to be harvested from a cannabis plant, based on historical yields;
- cannabinoid yield per gram – represents the weighted average cannabinoids expected to be obtained from a dry gram of cannabis, based on historical yields;
- selling price, less costs to sell – based on estimated selling price per gram of dry cannabis based on historical sales and expected sales;

- percentage of costs incurred to date compared to the total costs to be incurred (to estimate the fair value of an in-process plant) – represents estimated costs to bring a gram of cannabis from propagation to harvest; and
- stage of plant growth – represents the weighted average age in of the plant out of the average growing cycle as at period end date.

Gains or losses arising from changes in fair value less cost to sell are included in the results of operations of the related period.

(c) Inventory

Inventory which is classified as work in progress consists of harvested or purchased cannabis intended to be processed into oil and is valued at the lower of cost and net realisable value. Harvested cannabis is transferred from biological assets at its fair value at harvest, which becomes deemed cost. Any subsequent post-harvest costs are capitalised to work in progress. Inventory consisting of work in progress and finished goods is written down to its net realisable value if the carrying amount of inventory exceeds its estimated selling price less costs of disposal. Any amount written down is recognised as part of cost of goods sold. Cost is determined using the average cost basis.

(d) Plant and equipment

Plant and equipment are carried at cost less accumulated depreciation. Plant and equipment are depreciated over their expected lives based on the following:

- Leasehold improvements – lesser of useful life or term of lease
- Cultivation and production equipment – 5 to 10 years straight line
- Manufacturing equipment – 5 to 10 years straight line
- Scientific equipment – 5 to 10 years straight line
- Office equipment – 2 to 5 years straight line

In the year of acquisition, depreciation for plant and equipment is recorded once the asset is available for use.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss.

Residual values and estimated useful lives are reviewed annually.

(e) Financial instruments

(i) Financial assets

The Group classifies its financial assets initially at fair value at the time of acquisition. Subsequently, they are measured at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss. Upon initial recognition, management determines the classification of its financial assets based upon the purpose for which the financial assets were acquired. Measurement and classification of financial assets is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Management may, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss to prevent a measurement or recognition inconsistency.

Financial assets are derecognised when they mature or are sold and substantially all the risks and rewards of ownership have been transferred. Impairment of trade receivables is determined based on an individual assessment of each receivable considering the credit worthiness of the counterparty, the days past due and any subsequent trading history. These losses are recognised separately in the profit or loss.

(ii) Financial liabilities

The Group initially recognises financial liabilities at fair value and are subsequently measured at amortised cost.

(f) Convertible Notes

Convertible notes designated as compound financial instruments are initially recognised at fair value, less associated issue costs, and are subsequently recognised on an amortised cost basis until extinguished on conversion or maturity. Convertible notes that are not deemed compound financial instruments, may include features such as converting at a variable number of shares, or conversion options at the note holders discretion. There are held at fair value on initial recognition, and any derivatives associated with the convertible note liability are separately measured and accounted for at fair value through profit or loss until conversion or maturity.

(g) Intangible Assets

Intangible assets are recorded at cost and amortised over their estimated useful lives at the following annual rate:

- Computer software – 2 to 5 years straight line
- Patents – 20 years straight line

Estimated useful lives are reviewed annually.

(h) Foreign currency translation

Transactions in currencies other than the Australian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in net loss.

(i) Revenue recognition

Revenue is recognised at the transaction price, which is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods to a customer. The Group's contracts with customers for the sales of dried cannabis and cannabis oil consist of one performance obligation being the delivery of that product to the customer. Revenue is recognised at that date as this represents the point in time when the sale becomes unconditional as control has been transferred with only the passage of time required before payment is due. Payment terms are generally 30 days.

(j) Research and development

Research costs are expensed as incurred. Development expenditures are capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete the development to use or sell the assets. Other development expenditures are expensed as incurred. Other than certain patent development costs, to date, no development costs have been capitalised.

(k) Employee benefits

Provision is made for employee benefits such as wages, salaries and annual leave arising from services rendered to the end of the reporting period. Employee benefits which are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Where an obligation in respect of long-term employee benefits arises, that benefit is discounted to determine its present value. Re-measurements are recognised in the profit or loss in the period in which they arise.

(l) Share-based payments

The Group grants performance rights and options to Directors, officers and employees under the Group's Share Incentive Plan. The fair value of these share options are recognised as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when they are an employee for legal or tax purposes (direct employee) or provide services similar to those performed by a direct employee, including Directors of the Group. At each financial position reporting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment.

No expense is recognised for awards that do not ultimately vest except for equity settled transactions for which vesting is conditional upon a market or non-vesting condition.

Share options with a graded vesting schedule are accounted for as separate grants with different vesting periods and fair values. The fair value is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share purchase options were granted.

Where the terms of an equity settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification. When an equity award is cancelled, it is treated as if it vests on the date of the cancellation and any expense not recognised for the award is recognised immediately. Refer Section 10.5 for details of outstanding options and performance rights.

(m) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). Receivables and payable are stated inclusive of GST. Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(n) Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiary to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised. The Group had $2,947,353 in carried forward revenue tax losses as at 30 June 2019. The Group has not recorded a tax asset for these losses as at this stage their recovery is not probable.

(o) Research and development incentive

Government grants which are received as compensation for costs which have already been incurred for which there is no future related costs such as the research and development incentive, are recognised as income in the period in which they are receivable.

(p) Leases

Leases are classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

(q) Impairment of long-lived assets

At the end of each reporting period, the Group's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognised in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Management considers both external and internal sources of information in determining if there are any indications that the Group's plant and equipment or intangible assets are impaired. Management considers the market, economic, and legal environment in which the Group operates that are not within its control and affect the recoverable amount of its plant and equipment and intangible assets. Management considers the manner in which the plant and equipment and intangible assets are being used or are expected to be used, and indication of economic performance of the assets. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognised previously.

Significant accounting estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the year. Actual results may differ from these estimates.

Significant estimates are evaluation and assumptions about the future and other sources of estimation uncertainty that management has made, that could result in a material adjustment to the carrying amounts of assets and liabilities. Significant estimates used in the preparation of these consolidated financial statements include, but are not limited to, the following:

Biological assets and inventory

The Group measures biological assets consisting of cannabis plants at fair value less cost to sell up to the point of harvest. Calculating the value requires management to estimate, among others, expected yield on harvest, expected selling price and remaining costs to be incurred up to the point of harvest.

The Group measures inventory at the lower of cost and net realizable value and estimates selling price, the estimated costs of completion and the estimated costs necessary to make the sale.

Share based compensation

The fair value of share-based compensation expense is estimated using the Black-Scholes option pricing model and relies on several estimated inputs, such as the expected life of the option, the volatility of the underlying share price, and the risk-free rate of return. For share based compensation dependent upon milestones, significant estimates are required as to the probability of that milestone being achieved. Changes in the underlying estimated inputs may result in materially different results.

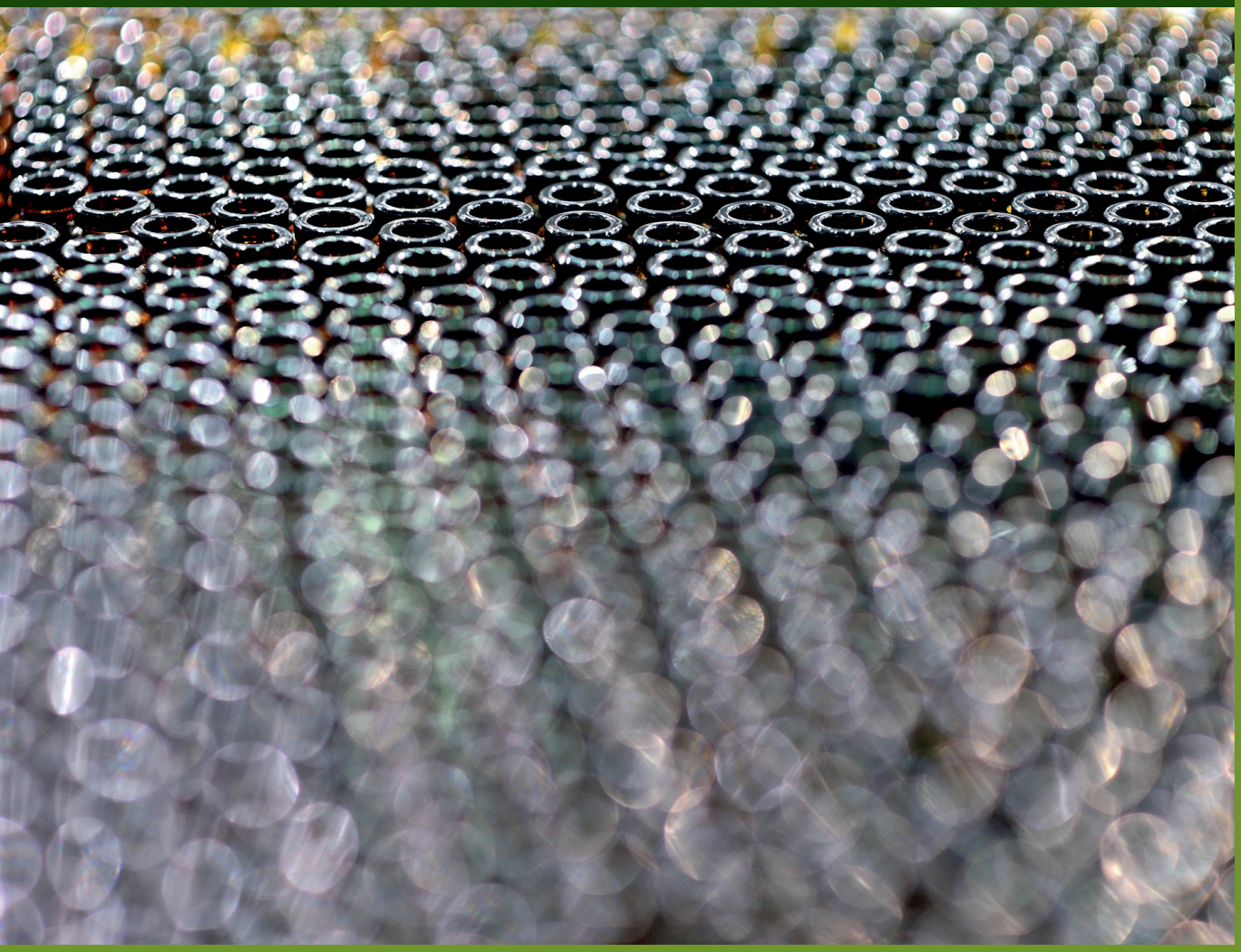
New accounting pronouncements, issued but not yet adopted

AASB 16, Leases (**AASB 16**) – replaces the guidance in AASB 117 Leases and establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. Under the new standard, an asset which represents the right to use the leased item is recognised with a corresponding financial liability representing the present value of the future lease payments. The only exceptions are short-term and low-value leases.

AASB 16 will be adopted from its mandatory adoption date of 1 July 2019. The Group has completed an assessment of the impact on its consolidated financial statements and based on this assessment the Group expects to recognise a right of use asset of approximately $688,000 and a corresponding associated lease liability.

5.

Investigating Accountant's Report



5. Investigating Accountant's Report

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The Directors
Little Green Pharma Limited
Level 2, 66 Kings Park Road
West Perth WA 6005

19 December 2019

Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT ON HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the Directors of Little Green Pharma Limited (the "Company") for inclusion in a prospectus to be issued by the Company (the "Prospectus") in respect of the initial public offering of fully paid ordinary shares in the Company (the "Offer") and listing of the Company on the Australian Securities Exchange.

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services Licence (AFSL) under the Corporations Act 2001.

References to the Company and other terminology used in this report have the same meaning as defined in the Glossary of the Prospectus.

Scope

Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company to review:

- the historical Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2017 and the year ended 30 June 2018, and the historical Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019;
- the historical Statements of Financial Position as at 30 June 2017 and 30 June 2018, and the historical Consolidated Statement of Financial Position as at 30 June 2019; and
- the historical Statements of Cash Flows for the period ended 30 June 2017 and the year ended 30 June 2018 and the historical Consolidated Statement of Cash Flows for the year ended 30 June 2019; as set out in Section 4 of the Prospectus (together the Historical Financial Information).

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The Historical Financial Information has been extracted from the financial reports of the Company for the period ended 30 June 2017 and the years ended 30 June 2018 and 30 June 2019, which were audited by Deloitte Touche Tohmatsu in accordance with the Australian Auditing Standards. Deloitte Touche Tohmatsu issued unmodified audit opinions for each of the respective periods. A paragraph on material uncertainty related to going concern was included in the audit opinion for the year ended 30 June 2019.

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The Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Pro Forma Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company to review the consolidated Pro Forma Statement of Financial Position as at 30 June 2019 as set out in Section 4 of the Prospectus (the Pro Forma Historical Financial Information).

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information, after adjusting for the effects of pro forma adjustments described in Section 4 of the Prospectus.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Section 4 of the Prospectus, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

Directors' Responsibility

The Directors are responsible for the preparation and presentation of the Historical Financial Information and the Pro Forma Historical Financial Information, including the selection and determination of the pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information and the information contained within the Prospectus.

This responsibility includes the responsibility for such internal controls as the Directors determine are necessary to enable the preparation of the Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and the Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagements (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.*

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Historical or Pro Forma Historical Financial Information.

The procedures we performed were based on our professional judgement and considered reasonable in the circumstances:

Historical Financial Information

- a review of the extraction of the Historical Financial Information from the audited financial reports of the Company for the period ended 30 June 2017 and the years ended 30 June 2018 and 30 June 2019;
- analytical procedures on the Consolidated Statement of Financial Position of the Group as at 30 June 2019, Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Cash Flows of the Group for the year ended 30 June 2019;

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- analytical procedures on the Statements of Financial Position of Company as at 30 June 2017 and 30 June 2018, Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows of the Company for the period ended 30 June 2017 and the year ended 30 June 2018;
- a consistency check of the application of the stated basis of preparation, as described in the Prospectus to the Historical Financial Information;
- a review of Company's work papers, accounting records and other documents; and
- enquiry of Directors, management and others in relation to the Historical Financial Information.

Pro Forma Historical Financial Information

- consideration of work papers, accounting records and other documents, including those dealing with the extraction of Historical Financial Information of the Group from its audited financial report for the year 30 June 2019;
- consideration of the appropriateness of the pro forma adjustments described in Section 4 of the Prospectus;
- enquiry of Directors, management, personnel and advisers;
- the performance of analytical procedures applied to the Pro Forma Historical Financial Information;
- a review of work papers, accounting records and other documents of the Company; and
- a review of the accounting policies adopted and used by the Company over the period for consistency of application.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in Section 4 of the Prospectus, and comprising:

- the historical Statements of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2017 and the year ended 30 June 2018, and the historical consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019;
- the historical Statements of Financial Position as at 30 June 2017 and 30 June 2018, and the historical consolidated Statement of Financial Position as at 30 June 2019; and
- the historical Statements of Cash Flows for period ended 30 June 2017 and the year ended 30 June 2018 and the historical consolidated Statement of Cash Flows for the year ended 30 June 2019;

is not prepared, in all material respects, in accordance with the stated basis of preparation, as described in Section 4 of the Prospectus.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in Section 4 of the Prospectus and comprising the consolidated pro forma Statement of Financial Position as at 30 June 2019 is not prepared, in all material respects, in accordance with the stated basis of preparation as described in Section 4 of the Prospectus.

Material uncertainty related to going concern

We draw attention to Section 4 of the Prospectus which relates to the ability of the Group to continue as a going concern. The matters stated in Section 4 indicate that a material uncertainty exists relating to the ability of the Group to continue as a going concern if the funds under the Offer are not obtained. Our conclusions are not modified in respect of this matter.

5. Investigating Accountant's Report

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Restrictions on Use

Without modifying our conclusions, we draw attention to Section 4 of the Prospectus which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Historical and Pro Forma Historical Financial Information may not be suitable for use for another purpose.

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

Subsequent Events

Subsequent to 30 June 2019 and up to the date of this report, nothing has come to our attention that would cause us to believe material transactions or events outside the ordinary course of business of the Company have occurred, other than the matters dealt with in this report or the Prospectus, which would require comment on, or adjustment to, the information contained in this report, or which would cause such information to be misleading.

Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of the Company.

Yours faithfully

A T Richards
Authorised Representative Number 1264272
Deloitte Corporate Finance Pty Limited

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November 2018

Financial Services Guide (FSG)

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Deloitte Corporate Finance Pty Limited (DCF) (AFSL 241457) provides this FSG to you, so you know how we are remunerated and who to contact if you have a complaint.

Who supplies the financial services?

We provide this FSG to you where you engage us to act on your behalf when providing financial services.

Alternatively, we may provide this FSG to you because our client has provided financial services to you that we delivered to them.

The person who provides the financial service to you is our Authorised Representative (AR) and DCF authorises the AR to distribute this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

General financial product advice

We provide general advice when we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. In this situation, you should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If we provide advice to you in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

Personal financial product advice

When we give you advice that takes into account your objectives, financial situation and needs, we will give you a Statement of Advice to help you understand our advice, so you can decide whether to rely on it.

How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us.

Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Apart from these fees, DCF, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls DCF. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

Please contact us about a concern:

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Phone: +61 2 9322 7000

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services dispute resolution free to consumers.

www.afca.org.au
1800 931 678 (free call)
Australian Financial Complaints Authority Limited
GPO Box 3 Melbourne VIC 3001

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

6. Risk Factors

6. Risk Factors

The Shares are considered highly speculative. An investment in the Company is not risk free. The proposed future activities of the Company are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Directors and management of the Company and cannot be mitigated.

The risks described in this Section 6 are not an exhaustive list of the risks faced by the Company or by investors in the Company. This Section should also be considered in conjunction with other information in this Prospectus. The risk described in, and others not specifically referred to, this Section 6 may in the future materially affect the financial performance and position of the Company and the value of the Shares offered under this Prospectus. The Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or the market value of those securities. The risk described in this Section 6 also necessarily include forward looking statements. Actual events may be materially different to those described and may therefore affect the Company in a different way. The order in which the risks are presented in this Offer is not an indication of the likelihood of the risks actually materializing, or the significance or degree of the risks or the scope of any potential harm.

Investors should be aware that the performance of the Company may be affected and the value of its Shares may rise or fall over any given period. None of the Directors or any person associated with the Company guarantee the Company's performance, the performance of the Shares the subject of the Offer or the market price at which the Shares will trade. The Directors strongly recommend that potential investors consider the risks detailed in this Section 6, together with information contained elsewhere in this Prospectus, and consult their professional advisers, before they decide whether or not to apply for Shares.

6.1 Company Specific Risks

(a) Maintaining and expanding medicinal cannabis licences and regulatory risk

The successful execution of the Company's medicinal cannabis business objectives is contingent upon compliance with all applicable laws and regulatory requirements in Australia and other jurisdictions and obtaining all other required regulatory approvals for the import of starting materials and the production, sale, import and export of its medicinal cannabis products.

LGP's ability to execute its business model and undertake its growth strategy is dependent on LGP's ability to maintain its medicinal cannabis licences and permits as issued by the ODC under the *Narcotic Drugs Act 1967* (Cth) as well as its State Poisons and Indent wholesale licences and permits issued by the Department of Health, Western Australia (**WA State Health**). The Company was first granted a license to cultivate and produce medicinal cannabis in Australia in May 2017. The license was renewed for two years on 29 May 2018. The Company is presently varying its existing medicinal cannabis licence and permits to include its expanded facility and applying for new licences and permits for its adjacent additional storage and manufacturing site.

In addition, LGP's current ability to execute its business model is dependent on its Manufacturing Partner's ability to maintain and vary its ODC and TGA manufacturing licences and permits and its existing ODC manufacture permit to include the proposed expanded volumes.

While LGP intends to, and understand that its Manufacturer Partner also intends to, submit renewal and variation applications of its licences and permits by the requisite dates, and is not aware of any reason why the ODC, TGA or WA State Health would refuse to renew or vary the licences and permits, LGP cannot guarantee that the licences or permits will be renewed or varied in a timely manner or at all.

Existing licenses and any new licenses obtained in the future in Australia or other jurisdictions may also be revoked or restricted at any time should the Company fail to comply with the applicable regulatory requirements or with conditions set out under the licenses. Should the licenses be revoked or not renewed, the Company may not be able to import starting materials into Australia or continue producing or distributing medicinal cannabis in Australia or export medicinal cannabis outside of Australia.

In addition to the licences already held, LGP will also require export licences and permits permitting the exportation of LGP products. If an export licence, together with the related permits, are not issued, LGP will not be able to export medicinal cannabis products internationally, which will prevent it from achieving the export elements of its growth strategy.

From time to time, there may be additional licences and permits that will be required, or existing licences or permits that require variation, to execute on the business strategy or enter new territories. There is no guarantee that the Company is able to obtain these additional or varied licences and permits or obtain them in a timely manner.

The Company and its supply chain partners are also subject to a variety of complex and often unsettled or inadequate, uncertain or incomplete laws, regulations, and guidelines, authorisations and pharmaceutical quality requirements in both Australia and the other countries that may be subject to differing interpretation or application. Non-compliance risk may be exacerbated for first movers who may be unaware of these or be unable to comply with conflicting or evolving interpretations or laws, and the Company cannot guarantee its pharmaceutical and compliance management systems will be adequate to understand all cannabis regulations or prevent or discover breaches of laws and regulations and to identify, evaluate and take appropriate countermeasures against relevant risks in a timely manner or at all.

6. Risk Factors

As the medicinal cannabis industry continues to evolve, it is likely that there will continue to be changes to existing legislation and/or the application, interpretation and enforcement of the legal and pharmaceutical requirements in many jurisdictions which govern the operations and contractual obligations of the Company. Changes, if any, in the laws, regulations and policies relating to the advertising, production, sale and use of cannabis and cannabis-based products or in the general economic policies in these jurisdictions, or shifts in political attitude related thereto, may adversely affect the operations or profitability of the Company's international operations in these countries.

These factors could all impact adversely on the assets, operations and the financial performance of LGP, and in some cases the medicinal cannabis industry in general.

(b) Fit and proper person

To obtain the necessary licences required to operate in the medical cannabis industry, the ODC must first establish the integrity of the person applying for a licence or any person who has the ability to significantly influence the finances or operations of the licence holder. This is known as the "fit and proper person" test. In respect of an applicant who is a company, this test is applied to the Directors/officers of the company and any shareholder or person who is able to exercise a significant influence over the management or operation of the Company's business.

As at the date of this Prospectus, LGP has submitted the following individuals for consideration against the "fit and proper person" test:

(i) each of the Directors;

(ii) its Chief Financial Officer and Chief Operating Officer; and

(iii) Elixxer Ltd (**Elixxer**), being a substantial shareholder of the Company (refer to Section 11.20).

The ODC has confirmed to the Company that the Directors have satisfied the "fit and proper person" test, however, as at the date of this Prospectus, the Company has not received final approval from the ODC confirming the Chief Financial Officer, Chief Operating Officer and Elixxer's status as a "fit and proper person". As at the date of this Prospectus, Elixxer has appointed an individual previously approved as a "fit and proper person" by the ODC as proxy in connection with the voting power of its Shares and has undertaken to the Company to abstain from voting such shares in the event such proxy arrangements are terminated and not satisfactorily replaced. If, for whatever reason, the ODC does not accept the Chief Financial Officer, the Chief Operating Officer and/or Elixxer as a "fit and proper person" or such proxy arrangements, there is a risk that the ODC may seek to revoke the Company's existing licences and permits.

As at the date of the Prospectus, the Company is not aware of any other individual who has the ability to significantly influence the management or operation of the Company's business and who should be submitted to the ODC for consideration against the "fit and proper person" test.

If there is a change in the Board or shareholding of LGP and that change results in a new Director or person having a significant influence over the management or operation of LGP's business and that person does not pass the "fit and proper person" test, the ODC may determine that LGP is not a "fit and proper person" to hold the relevant licences or permits, and any licences granted to LGP could be revoked.

As LGP is a public company and is seeking to be admitted to the official list of the ASX, the Board cannot control or prevent the transfer of Shares or the election of a person or persons as new Directors of LGP. In particular, a person may make a takeover bid, resulting in the acquirer being in a position to influence the management or operation of LGP's business, or a "board spill" resolution may be passed, requiring LGP to have elections of the Directors. In these circumstances, should the ODC determine that the new person has significant influence over the management or operation of LGP's business (i.e. the acquirer under a takeover bid or a new Director) is not a "fit and proper person", the licences held by LGP could be revoked.

If such circumstances cause LGP to not be granted the required licences which it does not hold or have any existing licences revoked, there will be a materially adverse impact on LGP's proposed activities and operations and consequently, LGP's financial performance and prospects of its business.

(c) Facility expansion risk

LGP currently operates a cultivation facility and is currently expanding this facility. The Company has also leased an adjacent lot to facilitate additional storage, drying and manufacturing activities as well as potentially expand cultivation capacity in the future. Once the facility expansion is completed and the licences and permits varied and new licence and permit for the adjacent facility is obtained, these facility expansion measures will significantly increase the Company's cultivation, production, processing and storage capacity. However, development impediments such as construction delays, delays to current licensing and permitting applications or audits, or cost over-runs may delay or prevent the Company's ability to complete expansion plans on time or at all. It is also possible that the final costs of the expansion or major equipment contemplated by the expansion of the facility will be significantly greater than anticipated, in which circumstance the Company may be required to raise additional capital, extend the timeframes for completing the facility expansion, or curtail such capital expenditure plans, in which case production capacity may be reduced substantially.

(d) Reliance on key relationships

The Company relies solely on its Manufacturing Partner for the manufacturing of its products offered to the market. The Company has entered into a six-year exclusive agreement with the Manufacturing Partner. The earliest date the Manufacturer can terminate the Agreement at its convenience being 23 November 2024.

The Company relies heavily on its Manufacturing Partner for pharmaceutical regulatory knowledge and there is therefore a risk that the Manufacturing Partner's or the Company's understanding or policies and procedures are inadequate.

Further, if the Manufacturing Partner ceases to be able to meet their commitments and obligations to the Company, including due to insolvency, loss of key licences, certifications or permits or any other reason, this could have a material adverse effect on the Company's business, financial condition, operations and prospects.

(e) Key inputs for growing medicinal cannabis

The LGP business is dependent on a number of key inputs, such as electricity, water and other utilities, as well as cultivation materials and inputs, equipment, parts and components related to on-going operations. Any significant interruption, price increase or negative change in the availability or economics of the supply chain for key inputs and, in particular, rising or volatile energy costs could curtail production. In addition, operations would be significantly affected by a prolonged power outage. The Company's ability to compete and grow cannabis is also dependent on it having access, at a reasonable cost and in a timely manner, to inputs, materials, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its equipment, facilities and supply chain.

Any significant interruption or negative changes in the availability or economics of the supply chain for the inputs could materially impact the business, financial condition and operating result of LGP.

(f) Agricultural and force majeure risks

The Company grows cannabis involving an agricultural process. As such, the business is subject to the risks inherent in an agricultural business, including risks of crop failure presented by weather, insects, plant diseases, mould and other agricultural risks. Although the Company currently grows its products indoors under climate-controlled conditions, there can be no assurance that natural elements, including insects, mould and plant diseases, will not entirely interrupt production activities or have an adverse effect on the business.

Adverse changes or developments affecting cultivation, production, and processing facilities, including, but not limited to, disease, mould or infestation of crops, fire, explosions, power failures, flood, storms or natural disasters, or material failures of the Company's security infrastructure, could reduce or require the Company to entirely suspend its production of medicinal cannabis. These factors can also impact grow times, the number of harvests and expected production yields.

(g) Expansion and scaling risks

Although the Company has achieved revenue of $248,500 for the financial year ended 2019, since the Company commenced operations in 2017 it has not generated a profit and therefore the Company's ability to sustain and accelerate its growth is dependent on a number of factors, many of which are beyond the control of the Company, including, but not limited to, continued product take-up, the availability of sufficient capital on suitable terms, delays in regulatory approvals, changes in laws and regulations with respect to the production of cannabis products, competition from other producers, and the Manufacturing Partner's capacity to produce sufficient volumes of LGP products to meet patient demand. In addition, the Company is subject to a variety of business risks generally associated with developing companies. Future development and expansion could place significant strain on human resources and likely will require the Company to recruit additional personnel, and there is no assurance that the Company will be able to do so.

Under Australian regulation the Company must ensure that Australian patients demand is met out of existing Australian supply before export is permitted. An increase in demand for cannabis-based products in Australia might therefore impair the ability to serve overseas markets. Furthermore, demand for cannabis-based products is dependent on a number of social, political and economic factors that are beyond the Company's control. There is no assurance that an increase in existing demand will occur, that the Company will benefit from any such demand increase, or that the business will remain profitable even in the event of such an increase in demand. If the Company is unable to sustain profitability, the value of the Company's shares may significantly decrease.

(h) Export and import and first-mover risk

The Company and the Manufacturing Partner also hold export licences and expect to be issued permits granted by the Department of Health (Cth) permitting the Company and the Manufacturing Partner to export medicinal cannabis products to certain jurisdictions outside Australia. LGP's ability to export its products to these markets will depend on these licences being renewed and additional permits being granted to meet its proposed export volumes. While the Company is not aware of any reason why the Department of Health (Cth) would refuse to renew these licences or grant these permits, LGP cannot guarantee these the licences will be renewed or permits will be granted in a timely manner or at all.

Furthermore, Australia is party to a Mutual Recognition Agreement for medicinal cannabis products with Europe. Mutual recognition agreements allow EU authorities and their counterparts to rely on each other's GMP inspection system and share information on inspections and quality defects. There can also be no assurance that mutual recognition agreements will be upheld for medicinal cannabis in the future. As LGP is likely to be one of the first Australian medicinal cannabis producers to rely on this recognition and export pathway to the EU, there can be no assurance that the relevant regulators will uphold the Mutual Recognition Agreement or recognise the quality standards for the Company's products that are required by Australian law. In addition, many of the processes and requirements for the successful export and import of a medicinal cannabis product or cannabis starting material in one or more forms into a EU country or into Australia (as applicable) will be applied and implemented for the first time, including in relation to flower and product sampling requirements, flower and product testing and analytical requirements, origin and source verification, product stability testing processes and requirements, classification and form of product requirements, ingredient and product specification limit requirements and permitted deviations for different products, product packaging and transportation requirements, the application of relevant pharmaceutical quality requirements, the application of International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) guidelines, the application of Pharmaceutical Inspection Co-operation Scheme (PICs) requirements, the application of Australian law to exports of medicinal cannabis, and the application of local laws, judicial decisions and requirements of the importing country including specific requirements in relation to cannabis products. There is no guarantee that these will be interpreted or applied consistently or correctly; that these are settled, complete or certain; or that applicable regulators or counterparties will agree with the Company's interpretation or application of these requirements. There can also be no assurance that mutual recognition agreements will be upheld for medicinal cannabis in the future.

One or more of these factors may result in delays or rejection of imports or export quantities or result in the Company being unable to import from or export to the relevant jurisdictions which could result in significant loss or damage to the Company.

In the future, the Company also proposes to distribute LGP medicinal cannabis products into various jurisdictions through distribution agreements with various distributor counterparties on a FCA Perth (Incoterms) basis. LGP is presently party to, or negotiating, several distribution arrangements for the resale and distribution of its products into various territories with these distributors. If these distributors cease to be able to meet their commitments and obligations to the Company, including due to bankruptcy, inability to obtain import permits for Company products, loss of key licences, unwillingness to accept Company products following facility audits, loss of certifications or permits or due to any other reason, this could have a material adverse effect on the Company's business, financial condition, and prospects. In addition, LGP, its Manufacturing Partner or its distributors or any downstream handlers of LGP's products (including transporters, other wholesalers and pharmacies) may handle or alter the products in a way that damages, impairs or contaminates LGP products or otherwise causes loss or damage to third parties, including patients. These third parties may claim directly against the Company for such loss or damage and LGP may not be able to recover such losses from its distributor counterparties or suffer reputational loss or damage, or both. In addition, the Company's shipping or handling agents could fail to deliver or be delayed from delivering shipments on time or at all, resulting in breach claims for failure to deliver by offtakers or distributors. Such outcomes could have a material adverse effect on the Company's business, financial condition, and prospects.

The Company and its Manufacturing Partner also hold import licences entitling them to import starting materials for use in manufacturing operations. LGP's ability to import starting materials for use in its products will depend on these licenses and additional permits being granted. While the Company is not aware of any reason why the Department of Health (Cth) would refuse to renew these licences or grant these permits, LGP cannot guarantee these licences will be renewed or permits will be granted in a timely manner or at all. Failure to renew or obtain these licences and permits could adversely affect the Company's business, financial condition, and prospects.

(i) Contractual risks

LGP's current ability to generate revenue and implement its growth strategy is heavily reliant on its current and proposed distribution arrangements in Australia and Germany (refer to Section 11.4 for further details).

LGP is party to various non-binding term sheets (refer to Section 11.4 for further details). As at the date of this Prospectus, these arrangements are not complete and the Company is not party to any binding agreements in respect to such term sheets. As is the nature of all business negotiations prior to completion, there can be no certainty that any binding agreement or agreements will be reached, or that any concluding arrangement will eventuate.

There is a risk that any one or more of LGP's current or future distribution partners may terminate their respective arrangements with LGP. There is no certainty that any of LGP's existing arrangements will be renewed or, if they are renewed, the terms that may apply to the renewal will be favourable. Similarly, there is a risk that LGP's counterparties will be unable to obtain or retain all necessary licences and permits required to perform their respective obligations under the arrangements.

The ability of LGP or its counterparties to comply with their obligations under the arrangements may also be contingent on external factors, including but not limited to the uncertainties and changes associated with medical cannabis legislative regimes in the relevant jurisdictions.

If any of the Company's existing arrangements are terminated or the Company is unable to enter into formal binding documentation in respect to its current non-binding arrangements, this could have a material adverse effect on the Company's business, financial condition, and prospects.

(j) Loss making operation, future capital needs and additional funding

LGP was incorporated in late 2016, began operations in 2017 and is yet to generate a profit. For the years ended 30 June 2017, 2018 and 2019, LGP generated a net loss of $217,158, $3,757,808 and $5,526,199, respectively. Accordingly, as at the date of this Prospectus, LGP is loss making and is not cash flow positive, meaning it is reliant on raising funds from investors to continue to fund its operations and product development.

The Company intends to continue to spend significant funds to increase its growing capacity, expand its marketing and sales and grow its operations as well as meet the increased compliance requirements associated with the Company's transition to and operation as a public listed company. As the Company continues to grow, expenses may continue to exceed revenue, resulting in further net losses in the future. Although the Directors consider that LGP will, on completion of the Offer, have sufficient working capital to carry out its stated objectives and to satisfy the anticipated working capital and other capital requirements set out in this Prospectus, there can be no assurance that such objectives can continue to be met in the future without securing further funding.

The future capital requirements of LGP will depend on many factors, including the pace and magnitude of the development of its business and sales, and the Company may need to raise additional funds from time to time to finance the ongoing development and commercialisation of its products and to meet its other longer-term objectives. In addition, the risks and uncertainties associated with producing cannabis products, including future regulatory changes and developments in the industry more generally, means the Company is unable to accurately predict when, or if, it will be able to achieve profitability. Even if profitability is achieved in the future, it may not be sustained for subsequent periods potentially affecting the market price of shares and the Company's ability to raise capital, expand its business or continue its operations.

The continued development of the LGP business may require additional funding following the closing of the Offer, and there is no assurance that the Company will obtain the funding necessary on acceptable terms or at all to be able to achieve its business objectives. The Company's ability to obtain additional funding will depend on investor demand, its performance and reputation, market conditions and other factors. The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of its planned expansion, development or research. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable. If the Company continues to incur losses in the future, the net losses and negative cash flows may have an adverse effect on shareholders' equity and working capital.

(k) Intellectual property

LGP has developed and will continue to develop intellectual property in the form of a patent and trademarks. The Company has developed and continue to develop its own trade secrets and proprietary knowledge and will rely on a combination of confidentiality and licence agreements to protect this know-how to protect its intellectual property rights. However, various events outside of LGP's control could pose a threat to its intellectual property rights, as well as to its products.

There is also a risk that other individuals or companies may claim to have an interest in intellectual property used by the business. The Company has not undertaken freedom to operate searches in connection with its patent in each of the countries in which it has applied for registration, meaning to use its patented intellectual property the Company may be required to engage with other intellectual property owners (including through licensing arrangements) in order to utilise its patented intellectual property, or may be prevented from using it at all. Intellectual property or trade secrets may be challenged by other parties and defending such actions may adversely impact LGP's earnings.

The Company is presently amending certain trademarks and applying for new trademarks as set out in the Intellectual Property opinion. Failure to obtain these amendments or new trademarks could adversely affect the Company's business.

In addition, the Company may be unable to register or otherwise protect new intellectual property it develops in the future, or which is developed on behalf by contractors. In addition, competitors may be able to work around any of the intellectual property rights used by LGP, or independently develop technologies or delivery systems that are not protected by the Company's intellectual property rights. The Company's competitors may then be able to offer identical or very similar products that are otherwise competitive against those provided by the Company, which could adversely affect the Company's business.

(l) Reliance on key personnel

LGP is largely dependent on the performance of its management team and certain highly qualified employees, including scientists, engineers and other research and development personnel, sales personnel and the Company's continuing ability to attract and retain such employees.

The Company is also dependent on its ability to recruit and retain suitably qualified personnel. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of any such personnel, or an inability to attract other suitably qualified persons when needed, could prevent the Company from executing on the business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. There are a limited number of persons with the requisite knowledge of the cannabis industry and relevant experience.

6. Risk Factors

The unplanned loss of the services of any of the Company's Directors or members of senior management could materially adversely affect the business until a suitable successor can be found. Moreover, finding a suitable successor may be made more difficult by the regulatory requirement that Directors must satisfy the "fit and proper persons" test under the Narcotic Drugs Act 1967. In addition, a number of the Company's highly qualified personnel may not be readily substituted, if at all, through the hiring of external personnel, and the loss of any of key researchers, developers or other personnel could also have a material adverse effect on the business unless and until the Company finds a qualified successor. There are also a limited number of persons with the requisite competencies to serve in these positions, and the Company cannot provide any assurance that the Company would be able to locate or employ such highly qualified personnel in a timely manner, on terms acceptable to the Company or at all. The inability to attract and retain key and other highly qualified personnel could have a material adverse effect on the business, financial condition, results of operations and prospects.

(m) Product testing and trials

Medicinal cannabis products are generally regulated as medicines and medicines exported from Australia must be listed as export-only goods on the ARTG, which is administered by the TGA. However, there are other mechanisms such as the TGA SAS and AP schemes which provide alternative supply pathways to patients while evidence to support registration through clinical trials is obtained. The Company cannot guarantee that any or all of its medicinal cannabis products will be approved for supply to patients through SAS or AP pathways, as part of a clinical trial or as a registered product on the ARTG. Non-approval or non-registration by the TGA will mean that the products cannot be sold in Australia which will or is likely to impact on revenue generation and financial performance and prospects.

Research in Canada, the United States and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids (such as cannabidiol and tetrahydrocannabinol) remains in relatively early stages. There have been few clinical trials conducted on the benefits of cannabis or isolated cannabinoids. Future research and clinical trials may draw opposing conclusions to any statements contained in the articles, reports and studies referenced in this Offer, or could reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to medical cannabis.

Any adverse findings from recognised clinical trials in relation to medicinal cannabis generally or in relation to specific products could adversely affect social acceptance of cannabis and the demand for our products and may have an adverse effect on LGP's business, results of operations, financial condition and reputation.

(n) Risks associated with clinical trials

Clinical trials are expensive, time consuming and difficult to design and implement. In the event the Company conducts clinical trials, even if the results are favourable the clinical trials are expected to continue for several years and may take significantly longer to complete.

Regulatory authorities may suspend, delay or terminate the clinical trials at any time for various reasons, including but not limited to:

(i) changes in applicable regulatory policies and regulations;

(ii) failure to design appropriate clinical trial protocols; or regulatory concerns with cannabinoid products generally and the potential for abuse;

(iii) failure to obtain appropriate ethics approval for the clinical trial;

(iv) discovery of serious or unexpected toxicities or side effects experienced by trial participants;

(v) lack of effectiveness of any product during clinical trials;

(vi) unfavourable results from on-going pre-clinical studies and clinical trials;

(vii) failure by the Company, trial operators, its employees, or contractors to comply with all applicable regulatory requirements relating to the conduct of clinical trials; and

Any of the above could have a material adverse effect on the Company's business, results of operations and financial conditions.

(o) Product liability and uninsured risks

There is also a risk that the products sold by the Company may not have been produced or manufactured in accordance with all applicable laws or pharmaceutical requirements or could cause serious or unexpected side effects, including risk or injury to consumers in both the short term and the longer term, including the risk of developing schizophrenia, bi-polar disorder and other psychoses and side effects. Previously unknown adverse reactions resulting from consumption of cannabis products alone or in combination with other medications or substances could also occur.

Although the Company has procedures in place for testing finished cannabis products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid product recalls, regulatory action or lawsuits. Should any of the Company's products be associated with safety risks such as misuse or abuse, inadvertent mislabelling, tampering by unauthorised third parties or product contamination or spoilage, a number of materially adverse outcomes could impact on the Company.

Any of the above adverse outcomes include the risk that regulatory authorities may revoke approvals that have been granted to the Company, impose more onerous facility standards or product labelling requirements or force the Company to conduct a product recall. The Company could also be subject to regulatory action or be sued and held liable for any harm caused to customers in those circumstances.

A product liability claim or regulatory action against the Company could result in increased costs and could adversely affect its reputation and goodwill with the Company's patients, distributors and consumers generally. There can be no assurance that the Company will be able to maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could result in the Company becoming subject to significant liabilities that are uninsured and also could adversely affect commercial arrangements with third parties. There is also a risk that the insurer could disclaim coverage on some claims or the insurance is not comprehensive enough for large claims or that insurers could reduce or cease coverage for medicinal cannabis products more generally.

(p) Market Acceptance Risk

The Company's ability to market its products successfully depends, in part, on the acceptance of products by independent third parties, including public health insurers, doctors, pharmacists, wholesalers, distributors, hospitals, group purchasing organizations, government representatives and other retailers, as well as end-users.

In addition to the strength of the Company's brand and reputation, acceptance of LGP's products among the medical community depends upon a variety of factors, many of which are beyond the Company's control, including the following:

(i) acceptance by payors, physicians, pharmacists and end-customers of each product as an effective treatment;

(ii) whether a physician is receptive to the Company's product and how quickly the physician adopts it as an accepted treatment;

(iii) positive or adverse market, anecdotal, trial results and news coverage generated by third parties;

(iv) the product's price;

(v) the product's perceived advantages and disadvantages relative to competing products or treatments;

(vi) the prevalence and severity of side effects; and

(vii) the adequate reimbursement by third parties, such as insurance companies.

If the Company's products have received a marketing authorisation from the regulatory authorities but do not achieve an adequate level of acceptance by independent third parties, the Company may be unable to generate sufficient or any sales from these products to make them profitable. If the Company's products fail to maintain significant market acceptance, it could have a material adverse effect on the business, its financial condition and results of operations.

(q) Marketing and Distribution Risk

In Australia and other export territories, the advertising of unregistered medicinal cannabis products to both medical professionals and patients is generally prohibited. This can significantly impair the ability of the Company to effectively reach prescribers and patients in these jurisdictions and could result in the Company and its distributors being unable to generate adequate demand for LGP products or maintain their market share, which could have a material adverse effect on the business, its financial condition, results of operations and prospects.

Further, the logistics required for distributions means the Company depends on third-party transportation services, to distribute its medicinal cannabis products. Any prolonged disruption of third-party transportation services could have a material adverse effect on sales volumes or end users' satisfaction. Increasing costs associated with third-party transportation services used to ship products may also adversely impact profitability and, more generally, the business, its financial condition, results of operations and prospects.

The security of products during transportation to and from the Company's facilities is also critical to business operations. A breach of security during transport or delivery could result in the loss of high-value product. Any failure to take steps necessary to ensure the safekeeping of cannabis could also have an impact on the Company's ability to continue operating under its existing licenses, to renew or receive amendments to existing licenses or to receive required new licenses.

Further, there is a risk that the Company's agents or its counterparties (including its transportation service providers offtakers or distributors) could transport or handle its medicinal cannabis products incorrectly or contrary to local regulation or requirements within jurisdictions outside Australia, including while transporting medicinal cannabis products to export destinations or while transporting starting materials into Australia, including through jurisdictions where medicinal cannabis is presently illegal. This could potentially result in civil or criminal actions against the Company or its personnel and result in material loss or damage, including reputational damage, to the Company.

6. Risk Factors

(r) Fraud and Security Risk

The Company is exposed to the risk that its employees, contractors and agents may engage in fraudulent or other illegal activity, including intentional undertakings of unauthorized activities, or reckless or negligent undertakings of authorized activities, in each case on the Company's behalf or in its service that violate, among other things, government regulations, manufacturing standards, healthcare laws and regulations, financial and other requirements or the terms of the Company's agreements with insurers. These outcomes would result in significant reputational and financial loss and damage for the Company.

The Company, its Manufacturing Partner and its distributors are also subject to the risk of theft of the Company's products and other security breaches by both internal and external actors, including criminal organisations and black-market operators. The security of LGP's products during transportation to and from the Company's facilities is critical to its business operations. A breach of security during transport or a security breach at the Company's or the Manufacturing Partner's or distributors' facilities could result in a significant loss of available high-value product, expose the Company to additional liability under applicable regulations and to potentially costly litigation or increase expenses relating to the resolution and future prevention of similar thefts, any of which could have an adverse effect on the business, its financial condition, results of operations and prospects. Any failure to take steps necessary to ensure the safekeeping of the Company's cannabis materials or products could also have an impact on the Company's ability to continue operating under its existing licenses, to renew or receive amendments to its existing licenses or to receive required new licenses or approvals.

(s) Research and development

In order to remain competitive, the Company intends to continue to undertake research and development. The Company makes no representation that any of its research into or development of its delivery systems technologies and products will be successful or that the delivery system technologies will be developed into products that are commercially exploitable.

There are many risks inherent in the development of products, particularly where the products are in the early stages of development. Projects can be delayed or fail to demonstrate any benefit, or research may cease to be viable for a range of scientific and commercial reasons.

In addition, there may not be sufficient resources to maintain the Company's research and development activities and sales and patient support efforts. The Company provides no assurance that its research and development activities will result in the creation of any new intellectual property or know-how capable of being utilised in the Company's business activities.

(t) Systems, privacy and IP breach risk

The Company, the Manufacturing Partner and the Company's agents and distributors already rely and will increasingly rely on information technology platforms and software including enterprise resource planning systems to manage many or all aspects of their operations. These systems are potentially susceptible to malfunction, network failures, maintenance issues, outages, wilful or accidental or mistaken use or data entry, theft or misuse, acts of vandalism, hacking, sabotage, viruses, spearphishing, and ransomware attacks. The occurrence of one or more of these events or attacks could significantly comprise the Company's operations and result in delays to production, export, imports or sales resulting in loss or damage to the Company.

The Company may also collect personal or sensitive information from individuals in connection with the conduct of its operations, both from individuals in Australia and from jurisdictions outside Australia. The Company or its employees may intentionally or inadvertently collect personal or sensitive information or use such information contrary to applicable laws, which could result in significant loss or damage, including reputational damage, to the Company. In addition, the risks described above could also result in breaches of data security, loss of critical data, and the release, misuse or misappropriation of sensitive or personal information, potentially leading to claims for loss or damage from third parties affected by, or civil or criminal claims from regulators arising from, such breach, loss or release.

6.2 Industry Specific Risks

(a) Medicinal cannabis industry in Australia

The medicinal cannabis industry in Australia is still in its infancy so many significant risks may arise. These risks include delays in the grant or variation of various licences and permits that can impact timeframes and the ability to continue to generate revenue.

There are also uncertainties associated with the medicinal cannabis legislative regime in Australia. There is a risk that a regulatory body could, in the future, change the application of these laws which may adversely impact LGP.

Despite cannabis having been legalised for medical use, cannabis continues to be categorised as a controlled substance and violations could result in significant civil or criminal fines and penalties, as well as potentially losing any licenses issued. Any such sanction would adversely affect the operation and financial performance of the business.

(b) Medicinal cannabis industry in target export and import markets

LGP has non-binding distribution arrangements in place with entities in Germany and has proof-of-concept conditional purchase orders for LGP products in Canada and New Zealand. Each of those territories is at different stages of legislative development with Canada the most advanced. There is a risk that the Company may not understand the full implication of trading with entities in those territories, be able secure export permits to trade with organisations in those territories, or that levels of demand previously indicated will not exist in the future. Regimes are likely to evolve in each of the above territories and the Company will remain alert to regulatory and industry changes in these countries and any future countries the Company wishes to enter in the future.

There is a risk that a jurisdiction from which the Company imports or proposes to import cannabis starting materials, or to which the Company exports or proposes to export medicinal cannabis products in future, will meet their annual medicinal cannabis quotas under the Single Convention and therefore refuse or be prohibited from allowing further imports or exports of such starting materials or medicinal cannabis products. There is also a risk that such jurisdictions that are presently compliant with the Single Convention will cease to be compliant in the future, which may prohibit the Company from importing from or exporting to such jurisdictions.

There is also a risk that jurisdiction which may presently permit the import or export of medicinal cannabis starting materials or products may cease to permit the import or export or transportation within or across their borders (as the case may be) for other reasons in the future, including due to that jurisdiction wishing to protect or promote its own domestic medicinal cannabis supply industry or to source or control medicinal cannabis supplies solely from its own suppliers.

(c) Changes in laws and regulations

LGP's operations are subject to various laws, regulations and guidelines in Australia and territories the Company proposes to operate, or to export to, including laws and regulations relating to health and safety, conduct of operations and the production, management, transportation, storage and disposal of products and of certain material used in operations.

Compliance with these laws and regulations requires compliance with complex Commonwealth, State and local laws. These laws change frequently and may be difficult to interpret and apply. Compliance with these laws and regulations requires the investment of significant financial and managerial resources, and a determination that LGP is not in compliance with these laws and regulations could harm the Company's brand image and business.

Changes to these laws or regulations could negatively affect the Company's competitive position within the industry and the markets in which it operates, and there is no assurance that various levels of government in the jurisdictions in which the Company operates will not pass legislation or regulation that adversely impacts the business.

The effect of the administration, application and enforcement of the regimes established on the business in Australia and overseas, or the administration, application and enforcement of the laws of other countries by the appropriate regulators in those countries, may significantly delay or impact the Company's ability to participate in the global market.

(d) Increase in competition

The medicinal cannabis market in Australia and internationally is dynamic and becoming increasingly competitive. The Company faces competition from other producers and other potential competitors, some of which have longer operating histories and more financial resources and manufacturing and marketing experience. To date, the medicinal cannabis industry has been subject to mergers and acquisitions creating larger companies with greater resources and capabilities.

In Australia specifically, there are several existing license holders that are not yet active in the industry. As new licenses or permits are granted in each jurisdiction the Company plans to operate this will lead to increased competition.

Competitive conditions, consumer preferences, patient requirements and spending patterns in the medical cannabis industry and market are still relatively unknown and may have unique circumstances that differ from other existing industries and markets and that cause Company's efforts to further its business to be unsuccessful or to have undesired consequences for the Company. As a result, the Company may not be successful in its efforts to attract and retain patients or to develop new medical cannabis products and produce and distribute these medical cannabis products to the markets in which the Company operates or to which we export in time to be effectively commercialized, which, in turn, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The medicinal cannabis industry also faces competition from unlicensed and unregulated black-market participants. These competitors may be able to offer cheaper products, products with higher concentrations of active ingredients, or offer products in formats the Company is currently prohibited from offering to individuals in certain jurisdictions.

Competition from legal and illegal sources could adversely affect the potential for market share and impact the financial performance of the Company.

Increased international competition, including competition from suppliers in other countries who may be able to produce at lower cost, and limitations placed on the Company by Australian or other regulations, may result in lower prices for cannabis products and reduced demand for the Company's medicinal cannabis globally. In addition, countries may impose price ceilings or maximums on the wholesale or retail prices of medicinal cannabis starting materials or products, including on the import, export or sell or supply of such goods, within their jurisdiction. These factors may render the Company's products non-competitive or unprofitable within these particular jurisdictions and may require the Company to cease supply or operations within that jurisdiction.

There can be no assurances that the competitive environment will not change adversely due to actions of government regulations, competitors or changes in customer preferences.

(e) Public sentiment and actions of others; moral hazard

The success of the Company is also dependent on public sentiment towards medicinal cannabis. Unforeseen issues, accidents or events involving medicinal cannabis, even products not produced by the Company, which, for example, lead to injury or death could adversely impact the Company's future earnings and growth prospects.

There is also a risk that the actions of other producers or of other companies and service providers in the medical cannabis industry may negatively affect the reputation of the industry as a whole and thereby negatively impact the Company's reputation. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share negative opinions and views in regards to the Company's activities and the medical cannabis industry in general, whether true or not. The Company does not ultimately have direct control over how LGP or the cannabis industry is perceived by others. Reputational issues may result in decreased investor confidence, increased challenges in developing and maintaining community relations and present an impediment to the Company's overall ability to advance its business strategy and realize its growth prospects.

Third parties with whom the Company does business, or with whom the Company may seek to do business in the future, may perceive that they are exposed to reputational risk as a result of the Company's business activities relating to cannabis, which could hinder LGP's ability to establish or maintain business relationships. These perceptions relating to the cannabis industry may interfere with LGP's relationship with service providers in Australia, Germany and other countries, particularly in the financial services industry.

(f) Acceptance of the efficacy of medicinal cannabis products

Research in Canada, the United States and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids (such as CBD and THC) remains in relatively early stages. There have been few clinical trials on the benefits of cannabis or isolated cannabinoids conducted by the Company or by others.

Future research and clinical trials may draw opposing conclusions to statements contained in the articles, reports and studies referenced in this prospectus, or could reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to medicinal cannabis, which could adversely affect social acceptance of cannabis, including acceptance by the medical community, and the demand for the Company's products.

(g) Legalisation risk

In October 2018, Canada legalised cannabis for recreational purposes. If Australia or other export territories follow suit, there is a risk that patients in these markets may self-medicate using recreational sources (including home-grown cannabis) in preference to medicinal cannabis options, which may lead to a fall in demand or price or both. If the Company is unable to enter the legalised cannabis market in these countries or compete with any new or existing recreational cannabis producers, this may adversely impact the Company's future earnings or growth prospects.

(h) Unforeseen expenses and incorrect assumptions

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected. The Company may also have made assumptions around the accounts that may prove to be incorrect including by under-estimating or over-estimating the final liability to the Company.

6.3 General Risks

(a) Securities investments

Applicants should be aware that there are risks associated with any securities investment.

Prior to the Offer, there was no public market for the Shares. There is no guarantee that an active trading market in the Shares will develop or that the price of the Shares will increase. The prices at which the Shares trade may be above or below the Offer price and may fluctuate in response to a number of factors.

Further, the stock market is prone to price and volume fluctuations. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the Shares, regardless of Company's operational performance.

(b) Economic risk

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, including, but not limited to:

(i) general economic conditions;

(ii) changes in Government policies, taxation and other laws;

(iii) the strength of the equity and share markets in Australia and throughout the world;

(iv) movement in, or outlook on, exchange rates, interest rates and inflation rates;

(v) industrial disputes in Australia and overseas;

(vi) changes in investor sentiment toward particular market sectors;

(vii) financial failure or default by an entity with which the Company may become involved in a contractual relationship; and

(viii) natural disasters, social upheaval or war.

(c) Dilution

In certain circumstances, the Directors may issue equity securities without any vote or action by Shareholders. If the Company were to issue any equity securities the percentage ownership of Shareholders may be reduced and diluted.

(d) Share market

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. The market price of the Securities may be subject to fluctuation and may be affected by many factors including, but not limited to, the following:

(i) general economic outlook;

(ii) interest rates and inflation rates;

(iii) currency fluctuations;

(iv) commodity price fluctuations;

(v) changes in investor sentiment toward particular market sectors;

(vi) the demand for, and supply of, capital; and

(vii) terrorism or other hostilities.

There is currently no public market through which Shares may be sold. There can be no guarantee that an active market in Shares will develop or that the price of Shares will increase. There may be relatively few buyers or sellers of Shares on ASX at any given time. There is a risk that this increases the volatility of the market price of Shares and the prevailing market price at which Shareholders are able to sell their Shares. This may result in investors under the Offer receiving a market price for their Shares that is less than the offer price of $0.45 per Share.

6. Risk Factors

(e) Insurance risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover or insurers may decline to continue to insure cannabis operations or reduce available coverage. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(f) Legal Proceedings

Legal proceedings may arise from time to time in the course of the business of the Company. Legal proceedings brought by third parties including but not limited to customers, business partners, regulators or employees could negatively impact the business in the case where the impact of such litigation is greater than or outside the scope of the Company's insurance. As at the date of this Prospectus, there are no material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

(g) Macro-economic risks

Changes in the general economic outlook in Australia and globally may impact the performance of the Company. Such changes may include:

(i) uncertainty in the Australian economy or increases in the rate of inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economic activity);

(ii) increases in expenses (including the cost of goods and services used by the Company);

(iii) new or increased government taxes, duties or changes in taxation laws; and

(iv) fluctuations in equity markets in Australia and internationally.

A prolonged and significant downturn in general economic conditions may have a material adverse impact on the Company's trading and financial performance.

(h) Broader general risks

There are also a number of broader general risks which may impact the Company's performance. These include:

(i) abnormal stoppages in normal business operations due to factors such as war, political or civil unrest, infrastructure failure or industrial disruption; and

(ii) higher than budgeted costs associated with the provision of service offerings.

(i) Currency risk

The Company may operate in multiple international jurisdictions, which exposes the Company to multiple currencies and their future currency fluctuations, which may affect future profitability of the Company.

(j) Taxation risk

The acquisition and disposal of Shares will have tax consequences which will differ for each investor depending on their individual financial circumstances. There is a risk that the acquisition or disposal of Shares pursuant to the Offer may have adverse tax consequences on individual investors depending on these circumstances. All potential investors in the Company are urged to obtain independent financial advice regarding the tax and other consequences of acquiring Shares.

(k) Accounting standards

Changes to any applicable accounting standards or to any assumptions, estimates or judgments applied by management in connection with complex accounting matters may adversely impact the Company's financial statements, results or condition.

7.

Board, Management and Corporate Governance

7. Board, Management and Corporate Governance

7.1 Directors' Profiles

The Board of the Company currently comprises four Directors. A biography for each Director is set out below.

Together, the Directors bring to the Board a broad range of experience and skills required for the future conduct and growth of the business under a publicly listed structure, including experience in general business, industry experience, financial management and corporate governance. As such, the Board is well positioned to guide the Company towards achieving its strategic objectives.

Mr Michael Lynch-Bell was chairperson of the restructuring committee of a company based in the United Kingdom with operations in the oil industry in Nigeria that entered into pre-packaged administration following agreement by the company and the company's creditors to terms of forbearance due to adverse market conditions which the company expected to cause the company to default on its debts. None of the other Directors have been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a twelve month period after they ceased to be an officer.

The names and details of the Directors in office at the date of this Prospectus are:

(a) Michael David Lynch-Bell – Independent Non-Executive Chair

Michael is an experienced corporate finance executive and consultant. Michael was appointed on 13 November 2018. His early Ernst & Young career was focused on auditing clients within the oil and gas sectors and later added mining to his portfolio. Michael also led Ernst & Young's UK IPO and Global Natural Resources transaction teams in the Transaction Advisory practice. He has been involved advising companies on fundraising, re-organisations, transactions, corporate governance as well as IPOs. Michael is a former Chair of the Bureau and current member of UNECE's Expert Group on Resource Measurement and a non-executive Director of Barloworld Limited (JSE:BAW), Senior Independent Director and Remuneration Committee Chair of Gem Diamonds Limited (LSE:GEMD), Audit Committee Chair of Lenta Limited (LSE:LNTA) (MCX:LNTA) and Deputy Chair and Nomination Committee Chair of Kaz Minerals plc (LSE:KAZ).

(b) Fleta Jennifer Solomon – Managing Director

Fleta drives the strategic vision of the business and as Managing Director of Little Green Pharma has grown the company from a medicinal cannabis startup to an industry-leading medicinal cannabis brand in Australia. Fleta has 17 years' experience in corporate and consumer health markets. Over ten years, Fleta established, grew and sold one of Australia's largest providers of workplace health services. She has since been involved in several start-ups including a water treatment technology business and a digital health engagement company based in Singapore. Fleta is a graduate of the Australian Institute of Company Directors (GAICD), holds a Bachelor of Science degree and an MBA from the University of Western Australia.

(c) Angus McDougall Caithness – Executive Director

Angus is an experienced corporate finance executive and consultant in Australia and international markets. Angus has ASX experience as a Non-Executive Director of Lindian Resources Limited (ASX:LIN), CFO of Hunnu Coal (ASX:HUN) and Company Secretary for the IPO of Haranga Resources (ASX:HAR). Following these roles, Angus acted as CFO of Erdenes Tavan Tolgoi, the owner of the world's largest coking coal deposit. Angus was previously an Executive Director at EY in London and Australia specialising in initial public offerings of large cap mining companies. Angus is a Harvard Business School alumnus, a Chartered Accountant, a fellow of the Financial Services Institute of Australasia and is currently completing a Master of Science.

(d) Dr Neale William Fong – Independent Non-Executive Director

Neale is a registered medical practitioner with over 35 years in senior leadership roles in private hospitals, the public health systems, management consulting, academia, health research, aged care and not for profit organisations. He is currently Chair of the Western Australian Government Country Health Service Board, Professor of Healthcare Leadership at Curtin University, Executive Chairman of Bethesda Health Care and a Director of a number of health-related start-up companies. He is an experienced ASX company Director including a former Non-Executive Director of Neurotech International Limited (ASX:NTI) and executive chair of Chrysalis Resources Limited (ASX:CYS) and has been a Fellow of the Australian Institute of Company Directors for 17 years. He was formerly Director General of the Western Australian Department of Health and CEO of St John of God Hospital in Perth. Neale was awarded the Centenary Medal in 2011 for services to healthcare by the Australian Government.

7.2 Key Management and Personnel profiles

In addition to Fleta Jennifer Solomon and Angus McDougall Caithness, whose biographies appear in Section 7.1, a biography for each member of the Company's senior management is set out below.

(a) Bhavesh Morar – Chief Financial Officer

Bhavesh has extensive experience in finance, commercial, business turnarounds and change management. Prior to LGP, Bhavesh held senior finance roles with BHP for 11 years in their nickel business and global functions. He was previously a Partner at Deloitte in Sydney and National Leader of their mining practice, where he provided a broad range of assurance and advisory services to ASX listed and

multi-national corporations as well as acting as their statutory financial auditor. Bhavesh is a Chartered Accountant, holds a Bachelor of Economics from Macquarie University and is a member of the Australian Institute of Company Directors.

(b) Paul Long – Chief Operating Officer

Paul is a key executive driver of the Australian operational team at LGP as well as leading the export growth opportunities into Germany, United Kingdom, Canada and New Zealand. Paul has a successful track record across multiple health related organisations in Australia. Paul founded one of Australia's largest workplace health companies in 2004 which he subsequently sold to Sanitarium in 2012 and where he stayed on as Managing Director until 2014. He also co-founded WellteQ, where he is currently Non-Executive Director, and more recently co-founded WLTH. Paul holds a Bachelor of Health Science.

(c) Craig Basson – Company Secretary

Craig is a Fellow of the Institute of Chartered Accountants, a Fellow of the Governance Institute of Australia, a graduate of the Australian Institute of Directors' Course and holds a Bachelor of Commerce (Hons) degree in accounting and finance. He has over 20 years' experience in auditing, accounting and financial management of resource, education, viticulture and other companies. Craig was company secretary of Basin Minerals Limited (ASX: BMS) from 1999 until October 2002, when the Company was delisted as a consequence of a successful takeover by Iluka Resources Limited (ASX: ILU) Craig was Chief Financial Officer and Company Secretary of Sun Resources NL (ASX:SUR) from November 2009 to April 2018.

7.3 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the Company's policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current Board composition and structure is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are detailed below. The Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website at https://investor.littlegreenpharma.com/.

(a) Board of Directors

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. Clearly articulating the division of responsibilities between the Board and management will help manage expectations and avoid misunderstandings about their respective roles and accountabilities.

In general, the Board assumes (amongst others) the following responsibilities:

(i) providing leadership and setting the strategic objectives of the Company;

(ii) appointing and when necessary replacing the Executive Directors and the Managing Director;

(iii) approving the appointment and when necessary replacement, of other senior executives;

(iv) undertaking appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director;

(v) overseeing management's implementation of the Company's strategic objectives and its performance generally;

(vi) approving operating budgets and major capital expenditure;

(vii) overseeing the integrity of the company's accounting and corporate reporting systems including the external audit;

(viii) overseeing the company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;

(ix) ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the board expects management to operate; and

(x) monitoring the effectiveness of the Company's governance practices.

The Company is committed to ensuring that appropriate checks are undertaken before the appointment of a Director and has in place written agreements with each Director which detail the terms of their appointment.

7. Board, Management and Corporate Governance

(b) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. The Board currently consists of the two Executive Directors (each of whom is a significant Shareholder) and two Non-Executive Directors (each of whom is considered by the Board to be free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally and is able to fulfil the role of independent Director for the purpose of the Recommendations).

As the Company's activities develop in size, nature and scope, the composition of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

(c) Identification and management of risk

The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(d) Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

(e) Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(f) Remuneration Committee

The remuneration of any Executive Director will be decided by the Board following the recommendation of the Remuneration Committee, without the affected Executive Director participating in that decision-making process and may require shareholder approval. The Remuneration Committee is currently comprised of two Non-Executive Directors and one of the Executive Directors.

The Constitution provides that the Non-Executive Directors will be paid by way of remuneration for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by the Directors prior to the first annual general meeting of the Company or pursuant to a resolution passed at a general meeting of the Company (subject to complying with the Listing Rules). Until a different amount is determined, the amount of the remuneration is $300,000 per annum.

In addition, subject to any necessary Shareholder approval, a Director may be paid fees or other consideration as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director (e.g. non-cash performance incentives such as options).

Directors are also entitled to be paid reasonable travel and other expenses incurred by them in the course of the performance of their duties as Directors.

The Remuneration Committee reviews and approves the Company's remuneration policy in order to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Remuneration Committee is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(g) Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Executive Directors). The policy generally provides that the prior written approval of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading by key management personnel.

(h) Diversity policy

The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has set in place a diversity policy. This policy outlines the Company's diversity objectives. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

(i) Audit and Risk Committee

The Company has established an Audit and Risk Committee which operates under an Audit and Risk Committee Charter which includes, but is not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and the Company's risk management systems, the identification and management of business, economic, environmental and social sustainability risk and the external audit function. The Audit and Risk Committee is currently comprised of two Non-Executive Directors and one Executive Director.

(j) External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors following the recommendation from the Audit and Risk Committee.

(k) Internal audit

The Audit and Risk Committee can recommend to the Board the appointment of an internal auditor if and when one is required.

(l) Whistleblower

The Company has adopted a whistleblower protection policy to ensure concerns regarding unacceptable conduct including breaches of the Company's code of conduct can be raised on a confidential basis, without fear of reprisal, dismissal or discriminatory treatment. The Company is committed to creating and maintaining a culture of corporate compliance and ethical behaviour in which employees are responsible and accountable and behave with honestly and integrity.

7.4 Departures from Recommendations

Following Admission, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are detailed in the table below.

Principles and Recommendations	Explanation for Departure
2.4 – A majority of the board of a listed entity should be independent Directors	Currently, the Company's Board consists of two executive Directors and two non-executive independent Directors. While the Board considers that the current Board composition and structure is a cost effective and practical method of directing and managing the Company, the Company is presently actively recruiting a non-executive independent Director as a fifth Board member. Whilst the Board intends to canvass further experienced candidates to be appointed as independent Directors in due course, the Board considers that the current size of the Company does not justify the costs associated with appointing additional independent Directors without further merit.
4.1 – The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive Directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	The Company has established an Audit and Risk Committee however the membership currently comprises two non-executive independent Directors and one executive Director (given that there are only two non-executive Directors on the Board as at the date of the Prospectus), and the Company is currently unable to satisfy the requirement in sub-paragraph 4.1(a)(1) of Recommendation 4.1 which recommends the Audit Committee be comprised of solely non-executive Directors. It is anticipated the fifth Board member proposed to be appointed as above will be a member of the Audit and Risk Committee.

8. Intellectual Property Report

8. Intellectual Property Report

4 December 2019

Little Green Pharma Ltd.
Suite 2, Level 2
66 Kings Park Road
West Perth WA 6005

WM Ref: Z6725AU00

IP Report - Little Green Pharma Ltd

Dear Directors

1. Executive Summary

We are instructed by Little Green Pharma Ltd to provide this report (**Report**) on the patent and trade mark portfolio of Little Green Pharma Ltd (**LGP**).

The Report has been prepared for inclusion in a prospectus to be issued by Little Green Pharma Ltd in connection with the listing of LGP (**Prospectus**). We understand that the Prospectus will be lodged with the Australian Securities & Investments Commission by LGP on or about the date of this Report.

The Report sets out details of the Patents, Patent Applications, Trade Marks and Trade Mark Applications in the name of Little Green Pharma Ltd and Habi Pharma Pty Ltd. Habi Pharma Pty Ltd converted to a public company and changed its name to Little Green Pharma Ltd on 8 February 2019. Accordingly, all of the intellectual property set out in the Report is owned and controlled by LGP.

The Report is accurate to the best of our knowledge subject to any limitations and qualifications set out in the Report.

2. Intellectual Property

The term "intellectual property" relates to a group of rights covering patents, trade marks, registered designs, copyright, confidential information/trade secrets, plant breeder's rights and printed circuits.

The Report deals only with intellectual property in the form of patents, patent applications, trade marks and trade mark applications.

2.1 Patents – Background Information

Patents are an important component of an intellectual property portfolio and are a form of intellectual property that cover inventions and provide a monopoly in exchange for an inventor's full disclosure of his or her invention to the public. Patents provide protection for new, non-obvious and useful inventions for a limited time period. Patents may be granted in respect of new or improved products, compositions and processes.

Patent rights are typically national rather than international and a patent must be obtained in each jurisdiction where protection for an invention is sought. A fundamental requirement of the patent system is that an invention must be 'novel' (new) at the time of filing a patent application. Novelty is assessed in relation to what was publicly known or used at the priority date (the earliest filing date) of a patent application. A further requirement is that there must be an inventive advance over what was previously

known with the result that patent protection cannot be obtained for obvious developments. The 'test' for inventiveness varies widely between jurisdictions.

Under the provisions of the Paris Convention for the Protection of Industrial Property the filing of an initial patent application in a Paris Convention member state establishes a priority date for the invention in that state and all other jurisdictions that are a party to the Convention.

Within the one year of filing the initial patent application, in order to obtain protection in other jurisdictions, separate national patent applications in each of the jurisdictions in which protection is sought must be filed. Alternatively, a single International Application under the provisions of the Patent Cooperation Treaty (PCT) must be filed. The International Application itself does not mature into a worldwide patent, but at the end of the international phase, it is possible to file the application into any or all of the jurisdictions designated in the original International Application.

In most jurisdictions, patent rights may be kept in force for a period of 20 years from the date of filing of the complete application on which the patent is granted, subject to the payment of periodic renewal fees.

A patent provides the owner with a period in which others may be excluded from commercially exploiting an invention that is within the scope of the claims of the granted patent.

2.2 Trade Marks – Background Information

A trade mark is a badge of origin that is used to distinguish the goods and/or services of one trader from the goods and services of other traders. A trade mark may be for example, a word, phrase, letter, number, sound, smell, shape, logo, picture, aspect of packaging or a combination of these used to denote the source of goods and/or services.

The exclusive right of trade mark owners serves to protect consumers as well as protect the interests of traders in both the goodwill associated with their trade marks and the value of a registered trade mark as a property right. A registered trade mark generally gives the owner the legal right to use, license or sell it within the jurisdiction it is registered in for the goods and services for which it is registered.

Upon registration a trade mark will be in force indefinitely, provided that periodic renewal fees are paid. In order to obtain protection in jurisdictions outside the jurisdiction that a first trade mark application is filed in, the owner may file separate national trade mark applications in each of the jurisdictions in which protection is required. Alternatively, the owner may file an International trade mark application under the Madrid Protocol based on the originating trade mark application, to obtain protection in those jurisdictions that are party to the Madrid Protocol. Such national and/or Madrid Protocol applications may be filed at any time, but if filed within six months from the filing date of an initial trade mark application, they may generally claim priority rights from that earlier filing.

A Madrid Protocol application is filed with the World Intellectual Property Office (WIPO) designating each jurisdiction in which trade mark protection is sought. If the relevant Trade Mark Offices do not raise objection to the application, or if any objection is overcome, the application will be accepted and published for opposition purposes. During the opposition period any party can oppose registration of the application. Assuming there are no oppositions, the respective Trade Mark Offices will then register the application in their respective jurisdictions.

In many jurisdictions a trade mark is susceptible to revocation if it is not used by the owner within certain time periods.

3. LGP Patents and Patent Applications

LGP has a single Patent Application which is filed in twelve jurisdictions. Table 1 summarises the details. The Australian provisional patent application filed on 12 April 2016 established the priority date and the international patent application filed on 7 April 2017 established the right to file future national applications. It is not possible to obtain patent protection for the invention in other jurisdictions as the deadline for filing further national applications has passed.

Watermark has filed, or has instructed foreign associates to file, all twelve national applications in Table 1.

Table 1

Patent Application Entitled "Liposomal Preparation and Methods of Treatment"

Country or Region	Application Number	Date filed	Status	Registered Applicant
Australia (provisional)	2016901363	12 April 2016	Lapsed	Habi Pty Ltd
International	PCT/AU2017/050303	7 April 2017	Lapsed	Habi Pharma Pty Ltd
Australia	2017250001	17 November 2017	Granted	Little Green Pharma Ltd
ARIPO	AP/P/2018/011120	8 November 2018	Awaiting examination	Habi Pharma Pty Ltd
Canada	3,020,616	11 October 2018	Awaiting examination	Habi Pharma Pty Ltd
China	201780028464.5	8 November 2018	Awaiting examination	Habi Pharma Pty Ltd
Europe	17781628.7	6 November 2018	Under Examination	Little Green Pharma Ltd
Hong Kong	19125398.8	18 November 2019	Awaiting examination	Habi Pharma Pty Ltd
India	201817041962	6 November 2018	Awaiting examination	Habi Pharma Pty Ltd
Israel	262301	11 October 2018	Awaiting examination	Habi Pharma Pty Ltd
Mexico	MX/a/2018/012448	11 October 2018	Awaiting examination	Habi Pharma Pty Ltd
New Zealand	747931	1 November 2018	Awaiting examination	Little Green Pharma Ltd
South Africa	2018/07519	8 November 2018	Accepted	Habi Pharma Pty Ltd
United States	16/092,846	11 October 2018	Under examination	Little Green Pharma Ltd

Granted Australian Patent

The Australian patent was granted with 34 claims, including claims to a pharmaceutical preparation, claims to methods of preparing the pharmaceutical preparation and claims to methods of treating disease using the pharmaceutical preparation.

Claim 1 of the patent is as follows:

A pharmaceutical preparation comprising:
liposomes, said liposomes comprising an emulsified resin substantially encapsulated therein,
said emulsified resin comprising oil, water and at least one resin;
wherein the at least one resin comprises cannabinoids,
wherein the molar ratio of at least one carboxyl containing cannabinoid to its decarboxylated form in the pharmaceutical preparation is greater than 1 to 10; and
wherein the at least one resin is a resin extracted from plant material.

Other jurisdictions

The patent has been informally accepted in South Africa based on the same claim 1 as Australia. The patent is currently under examination in the United States and Europe, but has not yet been examined in any other jurisdictions

There is no guarantee that claims of the same scope as Australia will be granted in any other jurisdiction. It should be noted that it is not unusual, in the course of pursuing a patent, to have objections raised. Patenting can be an iterative process involving refinement of the claims to address objections raised by an examiner.

As of the date of the Report all periodic renewal payments are up to date and assuming these periodic renewals continue to be paid the term of the patent will expire on 7 April 2037.

Ownership

The provisional patent application has a single inventor, William McKay, and was filed in the name of Habi Pty Ltd. The international application was filed in the name of Habi Pty Ltd and subsequently assigned to Habi Pharma Pty Ltd.

Habi Pharma Pty Ltd converted to a public company and changed its name to Little Green Pharma Ltd on 8 February 2019. This change of name was recorded at the Australian, New Zealand, United States and European patent offices. As of the date of the Report the change of name has not been recorded at any other patent offices.

4. LGP Trade Marks and Trade Mark Applications

4.1 Australian Trade Marks

LGP has a number of trade mark applications and registered trade marks in Australia. All of the marks are in the name of Habi Pharma Pty Ltd. Details are summarised in Table 2

Table 2

Australian Trade Marks in the name of Habi Pharma Pty Ltd

1916565	4 April 2018	LGP	5	Registered
1945980	10 August 2018	LGP CLASSIC	5	Registered
1945981	10 August 2018	LGP PLUS	5	Registered
1945982	10 August 2018	LGP ADVANCED	5	Registered
1946026	10 August 2018	GreenChoices	41	Registered
1983028	23 January 2019	LGP NATURAL	5	Accepted Opposed
1846610	23 May 2017	little green pharma	5, 35, 42	Registered
1846611	23 May 2017	Little Green Pharma	5, 35, 42	Registered
1864600	9 August 2017	SATICA	5	Registered
1864601	9 August 2017	ENDIVA	5	Registered
1864602	9 August 2017	INDIVEX	5	Registered
1864603	9 August 2017	INDICARE	5	Registered
1864604	9 August 2017	INDINOX	5	Registered

All Australian trade marks are registered with the exception of LGP Natural which is accepted but under opposition to registration.

4.2 Foreign Trade Marks

LGP has a number of trade mark applications and registered trade marks overseas. All of the marks are in the name of Habi Pharma Pty Ltd. Details are summarised in Table 3. The foreign trade mark applications were filed through the Madrid Protocol designating New Zealand, United States and Europe.

Table 3

Foreign Trade Marks in the name of Habi Pharma Pty Ltd

Country or Region	Application Number	Filing Date	Trade Mark	Class	Status
Europe	1435962	9 October 2018	little green pharma	5	Statement of Grant of Protection issued 16.05.19
New Zealand	1435962	9 October 2018	little green pharma	5	Statement of Grant of Protection issued 25.04.19
United States	1435962	9 October 2018	little green pharma	5	Forwarded to USPTO by WIPO - currently under examination
Europe	1458364	4 October 2018	LGP	5	EU - Partial provisional of refusal issued - 25.04.19. Protected for limited goods and services
New Zealand	1458364	4 October 2018	LGP	5	Ex-Officio examination completed on 02.05.19 – registration opposed
United States	1458364	4 October 2018	LGP	5	Provisional refusal of application - 09.05.19.
Europe	1433036	4 October 2018	Little Green Pharma	5	Statement of Grant of Protection issued 02.05.19
New Zealand	1433036	4 October 2018	Little Green Pharma	5	Statement of Grant of Protection issued 16.05.19
United States	1433036	4 October 2018	Little Green Pharma	5	Forwarded to USPTO by WIPO - currently under examination

The New Zealand trade marks are registered, with the exception of LGP the registration of which has been opposed.

The European trade marks are registered, with the exception of LGP which is the subject of a partial refusal only in relation to devices used to apply cannabis.

The United States trade marks are currently under examination. The application for LGP has been refused but an option exists to extend the examination period.

8. Intellectual Property Report

5. Disclaimer and Limitations

Watermark believes the information provided in the Report to be accurate as it reflects information known to or provided to Watermark and further corroborated with information on publicly accessible patent and trade mark databases. The searches conducted for this Report and the results of which are in part relied upon in this Report, have been substantially computer based and as such, are limited in terms of the time periods and the geographical areas covered. All searches are subject to the accuracy and scope of the records searched as well as to the indexing and classification of those records.

The Report should not be construed as a legal opinion as to the registrability of patent or trade mark applications. It should also be understood that the Report is not a validity opinion and no conclusions on the validity of any granted patents or registered trade marks should be made.

Scope of Patent Claims

It is often necessary during the examination of a patent application to define the invention more specifically by amendment of the claims, so as to distinguish relevant prior art. As a result of this process, there may be variations in the claims between countries, reflecting in part the different examination procedures and threshold requirements for patentability, according to national laws. While this is a relatively standard procedure, in certain circumstances, such amendments may affect the scope and hence the commercial significance of resulting patent protection.

Patent Validity

A granted patent provides no guarantee of validity. In most jurisdictions, a patent application undergoes a substantive examination process before proceeding to grant. However, the validity of a patent may be challenged at any time after grant, either by way of re-examination before the relevant patent office or by way of revocation proceedings filed in a Court.

Freedom to Operate

This Report is not a 'Freedom to Operate' opinion and Watermark makes no assertion that LGP has the freedom in any country to exploit the technology referred to in the patent applications without infringing intellectual property rights of third parties.

6. Statement of Independence

Watermark Intellectual Property Pty Ltd ('Watermark') is one of Australia's oldest patent and trade mark attorney firms representing numerous Australian and international clients. Watermark is a member of the IPH Ltd group.

Neither Watermark or any of its principals or employees has any entitlement to any securities in LGP or has any other interest in the promotion of LGP. Furthermore, the payment of fees to Watermark for the preparation of this Report is not contingent upon the outcome of the Prospectus.

We have given our consent to the issue of the Prospectus with this report appearing therein.

Yours sincerely

Dr Grant Jacobsen
Principal

9. Legal Opinion

9. Legal Opinion

HWL EBSWORTH
LAWYERS

Our Ref: 958147

10 December 2019

The Board of Directors
Little Green Pharma Ltd

Dear Sirs

Little Green Pharma Ltd - Australian Legal Opinion

1. Background

1.1 We act for Little Green Pharma Ltd (ACN 615 586 215) (**Company**), a company incorporated in Western Australia. We are instructed that the Company undertakes medicinal cannabis operations, which includes (or may include in the future):

(a) cultivation of cannabis plants and production of cannabis resin and flower from those cannabis plants at the Company's licensed premises in Western Australia (**Premises**);

(b) supply of cannabis resin and flower to the Company's manufacturing partner (**Manufacturing Partner**), pursuant to a manufacturing agreement between the Company and the Manufacturing Partner for use in the manufacture of medicinal cannabis products (**Supply Agreement**);

(c) supply of cannabis by wholesale other than from the Company's premises (as may be defined in an applicable Western Australian indent licence), but from premises that are authorised to possess and store medicinal cannabis products, but which the Company does not have ongoing physical control over (i.e. supply via a third party) (**Indent Supply**); and

(d) export of medicinal cannabis products to international jurisdictions.

1.2 We are also instructed that, in relation to the Company's application for admission to quotation to the ASX, the Company is required to provide a legal opinion on the Company's legal right to operate its business in Australia, having regard to the legal and regulatory obligations that must be met to lawfully carry out commercial medicinal cannabis activities in Australia, as described in the Prospectus.

2. Documents and legislation

2.1 For the purposes of this legal opinion, we have considered:

(a) the Company's prospectus dated 10 December 2019 (**Prospectus**); and

Adelaide
Brisbane
Canberra
Darwin
Hobart
Melbourne
Norwest
Perth
Sydney

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Telephone +61 8 6559 6500
Facsimile 1300 704 211 (Australia) +61 2 8507 6580 (International)
hwlebsworth.com.au

ABN 37 246 549 189

(b) applicable legislation, including the:

(i) *Narcotic Drugs Act 1967* (Cth) (**ND Act**);

(ii) *Narcotic Drugs Regulations 2016* (Cth) (**NDRs**)

(iii) *Therapeutic* Goods *Act 1989* (Cth) (**TG Act**);

(iv) *Therapeutic Goods Regulations 1990* (Cth) (**TGRs**);

(v) *Customs (Prohibited Imports) Regulations 1956* (Cth) (**CPIRs**);

(vi) *Customs (Prohibited Exports) Regulations* 1958 (Cth) (**CPERs**);

(vii) *Medicines and Poisons Act 2014 (WA)* (**MP Act**); and

(viii) *Medicines and Poisons Regulations 2016 (WA)* (**MPRs**).

3. Applicable law and regulations

3.1 *Overview of legal regime*

(a) The cultivation of cannabis plants and production of cannabis resin and flower for medicinal purposes is regulated by the Office of Drug Control (**ODC**), through its national licensing scheme, under delegated authority of the Secretary of the Department of Health (**Secretary**) pursuant to the ND Act.

(b) For the purposes of this opinion, there are four relevant categories of licences and permits in relation to the operations of the Company set out above.

(c) First, the ND Act requires any person seeking to undertake cultivation of cannabis plants or production of cannabis resin and flower to obtain:[1]

(i) a medicinal cannabis licence, which grants a general authority to lawfully cultivate and/or produce cannabis resin and flower for commercial purposes (**MCL**);[2] and

(ii) a medicinal cannabis permit, which authorises specific instances of cultivation and/or production activities (**MCP**).[3]

(d) For the purposes of these licences, cultivation covers the growing of cannabis plants and includes all steps up to, but not including, harvest (being the removal of flowers and/or resin from cannabis plants). Production covers harvest, resin production, and the placing of cannabis resin and flower in a container for the purpose of manufacture or research.

[1] Section 10G ND Act.
[2] Section 8E(1) ND Act.
[3] Section 9B and 10A ND Act.

(e) Secondly, in order to manufacture extracts or tinctures of cannabis from cannabis flower or cannabis resin in Australia, the ND Act requires a person to hold both:

(i) medicinal cannabis manufacture licence (**MCML**); and

(ii) medicinal cannabis manufacture permit (**MCMP**).[4]

(f) Further, a manufacturer will ordinarily require a Good Manufacturing Practice (**GMP**) licence from the Therapeutic Goods Administration (**TGA**) in accordance with Part 3-3 of the TG Act.

(g) Part 6-3 of the TG Act sets out the scheduling of certain substances and medicines, which forms the basis of determining any restrictions which apply to the supply and manufacture of cannabis. These are determined under the *Standard* for *the Uniform Scheduling of Medicines and Poisons* (**SUSMP** or **Poisons Standard**)[5] which are implemented at state level in Western Australia via the MP Act and MPRs.

(h) The relevant schedules of the Poisons Standard which apply to cannabis are:

(i) Schedule 9 Cannabis (prohibited substances which may be abused or misused, the manufacture, possession, sale or use of which should be prohibited by law except when required for legitimate medical or research purposes);

(ii) Schedule 8 Cannabis (controlled drugs which should be available for human therapeutic use, but require restriction of manufacture, supply, distribution, possession and use to reduce abuse, misuse and physical or psychological dependence); and

(iii) Schedule 4 Cannabidiol (prescription only medicine, being products where the cannabinoid content comprises at least 98% cannabidiol (**CBD**)).

(i) Thirdly, in order to obtain, possess, manufacture, sell or supply (as applicable) medicinal cannabis products in Western Australia which fall under the above Schedules, certain additional licences are required, which are granted by the WA Department of Health (**WA DoH**) pursuant to the MP Act and MPRs (and these are set out in more detail below).

(j) Fourthly, in order to import and export, apart from certain permitted exceptions for hemp products, regulation 5 of the CPIRs and regulations 10 and 10A of the CPERs require a licence to import or export all forms of cannabis, cannabis resins, extracts and cannabinoids into and out of Australia, respectively (and these are set out in more details below).[6]

[4] Chapter 3 ND Act.
[5] Section 52D(2)(b) TG Act.
[6] See Regulations 5(1) and 5(20) and items 34, 35 and 36 of Schedule 4 of the CPIRs and Regulations 10 and 10A and items 3, 4, 6 and 8A of Part II of Schedule 8 of the CPERs.

3.2 ***Medicinal Cannabis Licences***

(a) Pursuant to the ND Act, to be granted an MCL, an applicant must provide the ODC with details to satisfy the ODC that:

(i) the cultivation and/or production is for the purpose of supply to the holder of a medicinal cannabis manufacture licence (MCML) granted by the ODC under the ND Act;

(ii) the applicant is a "fit and proper person" to be granted an MCL (having regard to factors such as the person's personal and financial background as well as experience)[7] and that the applicant's business, related parties and other associates are suitable people to be associated with a medicinal cannabis business; and

(iii) that the applicant's proposed security arrangements for its activities (including physical security of the crops and equipment) and the location of the proposed premises are adequate.[8]

(b) Each MCL specifies the terms upon which the MCL holder may undertake cultivation and/or production.[9] The MCL does not by itself authorise the MCL holder to commence cultivation and/or production. Instead, an MLC confers the holder with the right to apply for one or more MCPs.

3.3 ***Medicinal Cannabis Permits***

(a) Pursuant to the ND Act, to be granted an MCP, an applicant must hold an MCL and satisfy the ODC that:

(i) the security arrangements for its activities have been effected in accordance with any MCL conditions; and

(ii) the proposed cultivation and/or production is intended to be undertaken for the purpose of satisfying the licence holder's contractual arrangement with the holder of an MCML.

(b) Typically, this second requirement will be satisfied by providing ODC with evidence of the applicant's contractual arrangements with an MCML holder.

(c) Each MCP will include details of the specific cultivation and/or production activities authorised by the MCP.[10]

3.4 ***Medicinal cannabis manufacture and wholesale***

(a) In order to obtain an MCML and MCMP, applicants are required to provide the ODC with similar information to that provided for MCLs and MCPs.[11] Each MCL specifies the terms upon which the MCML holder may undertake

[7] Subsection 8G(1) and subsection 9F(1) ND Act.
[8] Sections 8E(2)-(3) and the NDRs.
[9] Division 3 of Part 2 of Chapter 2 (cultivation / production licences) ND Act.
[10] Section 9B ND Act.
[11] See section 11G(2)-(3) ND Act and the NDRs.

manufacturing.[12] An application for an MCMP is to be submitted following the grant of an MCML, however an MCMP will not be granted until the manufacturer has also obtained any applicable State or Territory licences required to conduct such manufacturing activities (see paragraph 3.5 below).[13] Each MCMP specifies certain terms and conditions which apply to the MCMP.[14]

(b) The manufacture of cannabis flower, extracts or tinctures of cannabis from cannabis flower or cannabis resin are legally distinct from products intended to be supplied directly for human therapeutic use (**Cannabis Medicine**). In order to manufacture Cannabis Medicine in such forms as may be administered to patients, a manufacturer must also hold a GMP licence or certificate issued by the TGA.[15]

3.5 ***Western Australian licences and permits***

(a) Relevant licences applicable to medicinal cannabis products and/or Cannabis Medicine in Western Australia include:

(i) wholesaler's/manufacturer's licences, which permit the manufacture and/or wholesale supply of Schedule 4 Cannabidiol and Schedule 8 Cannabis;

(ii) indent licences which permit the sale of Schedule 4 Cannabidiol and Schedule 8 Cannabis via third parties; and

(iii) Schedule 9 licences which permit the handling of Schedule 9 Cannabis.[16]

(b) All licences are granted by the WA DoH in accordance with the MP Act and MPRs and applicants must, amongst other matters, satisfy the WA DoH that they are a "fit and proper person", have sufficient knowledge of each poison/product to which a licence is to apply, have sufficient material, human and financial resources to carry on the relevant activity proposed to be conducted under the licence and premises which comply with the MPRs.[17]

3.6 ***Import and Export licences and permits***

(a) Importation

(i) In accordance with the CPIRs, any person importing cannabis products into Australia must be the holder of:

(A) a licence to import drugs granted by the Secretary (or an authorised person) (**Import Licence**); and

[12] Division 2 of Part 2 of Chapter 3 (manufacture licences) ND Act.
[13] Section 11H(3) ND Act.
[14] Section 12C ND Act.
[15] Part 3-3 TG Act.
[16] See Part 4 MP Act.
[17] Section 41 MP Act.

(B) a permit or permits to import drugs granted by the Secretary (or an authorised person) (**Import Permit**).

(ii) In order to obtain an Import Licence for medicinal cannabis, an importer must:

(A) furnish all information requested by the Secretary (or authorised person);

(B) be a "fit and proper person" to be granted a licence to import drugs; and

(C) ensure the premises on which the importer proposes to keep the drugs are secure for that purpose.[18]

(iii) In order to obtain an Import Permit, an importer must:

(A) if the drug is required by the importer for the manufacture of a drug at the importer's premises:

(1) hold an MCML permitting them to supply medicinal cannabis products; and

(2) hold an applicable wholesaler's/manufacturer's licence under the relevant State or Territory laws in which the importer's premises are located; or

(B) if the drug is required by the importer for the purposes of the applicant's business as a seller or supplier of drugs at the importer's premises, hold the required State or Territory licence authorising the applicant to sell or supply drugs at or form those premises.[19]

(iv) In addition, before applying for an Import Licence, importers need to ensure that any counterparty exporter has appropriate licences/approvals at the overseas federal government level to request for export approval of medicinal cannabis products to Australia.

(b) Exportation

(i) Broadly, exports of medicinal cannabis must be:

(A) in conformance with the ND Act;

(B) done under a licence to export drugs granted by the Secretary (or an authorised person) (**Export Licence**);

[18] Regulation 5(7) CPIRs.
[19] Regulation 5(10) CPIRs.

(C) done under a permit or permits to export to a specified country granted by the Secretary (or an authorised person) (**Export Permit**);

(D) made to countries that are willing to issue import permission and who are in compliance with the *Single Convention on Narcotic Drugs, 1961*; and

(E) listed or registered on the Australian Register of Therapeutic Goods, operated by the TGA.

(ii) In accordance with the CPERs, any person exporting cannabis products from Australia must:

(A) hold an Export Licence;

(B) hold an Export Permit for each intended consignment;

(C) ensure the drug is exported from Australia within 3 months (or such further period specified) after the Export Permit is granted;

(D) ensure the drug is consigned to the country in which the Secretary (or authorised person) has granted the Export Permit in relation to; and

(E) if requested by customs, produce the Export Permit to customs at the time of export.[20]

(iii) In order to obtain an Export Licence for medicinal cannabis, an exporter must lodge an application with the Secretary (or authorised person) in writing, the grant of which must be consistent with the requirements of the ND Act.[21]

(iv) In order to obtain an Export Permit for medicinal cannabis, an exporter must:

(A) lodge an application with the Secretary in writing;

(B) state the country to which the drug is to be exported; and

[20] Regulation 10(1)(a) CPERs. Typically, an Export Permit will provide that the original of the permit be dispatched with the goods for export.
[21] Regulations 10A(2) and 10C CPERs. Broadly, in order to be consistent with the ND Act, the relevant exporter must hold an MCL or MCML, together with either an MCP or MCMP (as applicable) and ensure that any such licences and permits issued by the ODC contain conditions which allow for products to be supplied for export. It is noted that prior to an amendment to the NDRs on 14 February 2018, export was not permitted under the ND Act and therefore any MCLs and MCMLs issued prior to 14 February 2018 do not allow for export unless the licence conditions are varied in order to allow export. MCLs and MCMLs issued after 14 February 2018 will permit export (where export is envisaged in the application), subject to complying with the CPERs (see Regulations 7B and 37 NDRs).

(C) provide an authorisation from the appropriate governmental authority of the country to which the drug is to be exported authorising the importation of the drug into that country.[22]

4. Company Licences, Permits and Material Agreements

4.1 We refer to the document summary in the Schedule and note:

(a) the Company holds an MCL and MCPs (being the Commonwealth Licence and Commonwealth Permits), having presumably met the ODC's requirements, including the requirement that the Company's intended purpose is to supply to the holder of an MCML (in the Company's case, the Manufacturing Partner, in accordance with the Supply Agreement);

(b) the Manufacturing Partner holds an MCML and MCMP (being the Manufacture Licence and Manufacture Permit) and also holds a valid GMP certificate (being the GMP Compliance Certificate);

(c) the Company holds Western Australian licences to:

(i) supply Schedule 4 Cannabidiol and Schedule 8 Cannabis by wholesale Indent Supply to other holders of appropriate wholesale and retail licences, including distributors and pharmacies (being the WA Indent Licence), and

(ii) handle Schedule 9 Cannabis and supply Schedule 9 cannabis to other holders of Schedule 9 licences (being the WA Poisons Licence),

however it is noted that the Company does not hold a licence to possess or store Cannabis Medicine manufactured by the Manufacturing Partner at the Premises nor supply Cannabis Medicine manufactured by the Manufacturing Partner from the Premises;

(d) the Company is party to distribution agreements (being, the Health House Distribution Agreement and Oxford Supply Agreement), whereby the Company supplies medicinal cannabis products to Western Australian based distributors under its WA Indent Licence, who may then, subject to those distributors holding the appropriate licences and permits, distribute medicinal cannabis products to other States and Territories within Australia. We understand that Oxford Compounding is the primary distribution partner of the Company for patients in Western Australia, while Health House is the primary distribution partner of the Company for patients in other States and Territories; and

(e) the Manufacturing Partner holds a Western Australian wholesale/manufacturer licence for the wholesale supply of medicines for human use at the Manufacturing Partner's premises which are classified under the Poisons Standard, including substances classified under the Poisons Standard as Schedule 2, Schedule 3, Schedule 4, Carbon

[22] Regulation 10(3) CPERs.

tetrachloride in Schedule 7 in laboratory quantities (not for resale) and Schedule 8 (being the WA Wholesale Licence);

(f) the Company has medicinal cannabis products listed on the Australian Register of Therapeutic Goods, being the TGA Registrations; and

(g) the Company holds an Export Licence and Import Licence, being the LGP Import Licence and LGP Export Licence. In addition, the Company was granted the Cansativa Export Permits, pursuant to which LGP exported medicinal cannabis products to Germany in September 2019. As at the date of this legal opinion, we are instructed that:

(i) the Company and the Manufacturing Partner currently import cannabis resins from suppliers in overseas jurisdictions in order to bridge supply until the expanded cultivation site is ready for harvest. On this basis, the Company will likely apply for Import Permits in the future (in which case, it must comply with the requirements set out in paragraph 3.6(a) of this legal opinion);

(ii) the Company intends to establish distribution channels for its products in Germany via proposed arrangements with CC Pharma GmbH (**CC Pharma**), Deutsche Medizinalcannabis GmbH (**Demecan**) and Cansativa GmbH (**Cansativa**). As at the date of this legal opinion, all of these arrangements are underpinned by indicative non-binding term sheets and a letter of intent as the parties continue to negotiate fully-termed agreements. In addition, the Company has entered into binding agreements with parties in Canada and New Zealand for the sale of nominal volumes of the Company's products and, as at the date of this legal opinion, intends to negotiate further arrangements with these parties with a view to increasing sale volumes once product pathways are demonstrated and the expansion of the Company's production capability is complete; and

(iii) the Company has applied for, but not yet obtained, permission to import its products into Germany and, subject to the receipt of an appropriate licence to import into Germany, intends to seek Export Permits for the exportation of its products from Australia to Germany (in which case, it must comply with the requirements set out in paragraph 3.6(b) of this legal opinion). We provide no opinion in respect of the Company's compliance with relevant laws in Germany, Canada, New Zealand or any other foreign jurisdiction.

4.2 We are instructed that the Company has lodged renewal applications in respect of the LGP Import Licence and LGP Export Licence and anticipates receiving confirmation of renewal in the coming weeks.

5. Variation to MCL and additional MCLs

5.1 We are instructed that the Company is, as at the date of this legal opinion, in the process of seeking a variation to its MCL and MCP to permit an expanded facility at the Premises. Any such variation would need to:

(a) contain the information prescribed in the NDRs[23] and as specified in writing by the Secretary;

(b) be accompanied by the documents prescribed in the NDRs and as specified in writing by the Secretary (if any); and

(c) pay the applicable application fee (currently $3,900).[24]

5.2 We are instructed that, as at the date of this legal opinion, the items in paragraphs 5.1 have been attended to by the Company.

5.3 The Secretary may only refuse an application by the Company to vary the MCL and MCP by providing a written notice to both the Company and to the WA DoH containing the terms of the decision, reasons for the decision and advising of the applicant's right to have the decision reviewed.[25]

5.4 We are further instructed that the Company is, as at the date of this legal opinion, in the process of constructing manufacturing facilities capable of receiving a GMP certificate for extraction activities at the Company's leased premises located adjacent to the Premises (**Manufacturing Facility**). In this regard, we are instructed that the Company has applied for an MCML over the Manufacturing Facility and intends to apply for a GMP certificate in due course. We understand that, upon construction of the Manufacturing Facility and subject to the Company being successful in obtaining an appropriate MCML and GMP certificate, the Company's proposed supply pathway will be as follows:

(a) the Manufacturing Facility will receive cannabis plants from the Premises;

(b) cannabis plants will then be hung and dried in drying rooms at the Manufacturing Premises;

(c) the cannabis plants will then be moved into processing rooms where the plants are trimmed, and flowers bagged and weighed, in order to produce 2 products:

(i) flower trimmed and ready for export as final product (pursuant to appropriate Export Permits); and

(ii) bagged flower ready for extract;

(d) bagged flowers ready for extract will then be taken to extraction rooms for extraction prior to transferring evaporation and decarbonisation rooms where the extract is filtered, concentrated and placed into final concentrated form (**Extracted Product**); and

(e) the Extracted Product is transported to the Manufacturing Partner for manufacturing into the final product.

[23] Regulations 21 to 24 NDRs.
[24] Section 10N ND Act.
[25] Sections 10N(4) and 15F ND Act.

5.5 In respect of the proposed operations outlined in paragraph 5.4, the Company is required to comply with the legal regime outlined in section 3 of this legal opinion. In this regard, we are instructed that, as at the date of this legal opinion, the ODC is reviewing the Company's application for an MCML in relation to the Manufacturing Facility (including review of the proposed supply pathway outlined in paragraph 5.4).

6. Assumptions

6.1 For the purposes of giving this legal opinion we have relied upon the following assumptions and qualifications:

(a) save for:

(i) the export of medicinal cannabis products which have or are intended to be conducted pursuant to appropriate Export Licences and Export Permits (which may be granted from time to time); and

(ii) as otherwise disclosed in the Prospectus regarding the Company's future intentions,

the Company only operates in Western Australia. If, in the future, the Company seeks to expand its operations to other States or Territories or to foreign jurisdictions, this may require further licences, permits or authorisations, and may be subject to further restrictions;

(b) the Company's suppliers, distributors, manufacturers and all relevant third parties (including the Manufacturing Partner, Health House and Oxford) (**Third Parties**) have obtained and hold the requisite certificates, licenses, consents, approvals, permits and authorisations:

(i) to do business with the Company; and

(ii) where such Third Parties manufacture, handle, distribute, supply, wholesale or on-sell the Company's medicinal cannabis products to other parties pursuant to supply or distribution agreements with the Company, to legally manufacture, handle, distribute, supply, wholesale or on-sell medicinal cannabis products in all applicable States, Territories or countries where such manufacture, handling, distribution, supply, wholesaling or on-selling may occur;

(c) we have not certified the authenticity of any documents set out in the Schedule and have assumed that all documents set out in the Schedule are genuine, true copies of the original documents and all certificates, licences, consents, approvals and permits:

(i) have been issued or granted to the Company and the Manufacturing Partner in compliance with all applicable laws; and

(ii) have not been revoked;

(d) the Supply Agreement between the Company and the Manufacturing Partner remains on foot and there has been no material breach of the Supply Agreement by either the Company or the Manufacturing Partner;

(e) we have not conducted any searches in any official registry or with any public authorities in relation to any matter, including without limitation, any legal, governmental or regulatory proceedings pending in relation to the Company or the Manufacturing Partner and any certificates, licenses, consents, approvals and permits issued to the Company or the Manufacturing Partner, other than reviewing the ODC website's summary of licences granted which names the Company as the holder of an MCL (https://www.odc.gov.au/summary-licences-granted);

(f) employees, officers, directors and agents of the Company have disclosed all material information about the operations of the Company and the Manufacturing Partner and all information is true and accurate in all material respects and have contained no material omissions;

(g) all factual matters (as distinct from matters of Australian law) stated in any document or response provided to us, or reviewed by us, for the purpose of this legal opinion are true and correct;

(h) in respect of all factual matters material to the opinions, statements and assumptions expressed in this legal opinion, we have relied on statements from the employees, officers, directors and agents of the Company and the Manufacturing Partner and have not taken any steps to verify those statements;

(i) there has been no historical non-compliance by the Company or the Manufacturing Partner in respect of any certificate, license, consent, approval, permits or authorisation, nor has there been any breach by the Company or the Manufacturing Partner of any applicable law or regulation relating to its operations or proposed operations;

(j) this legal opinion relates to the laws of the Commonwealth of Australia and the State of Western Australia in force at the date of this legal opinion. We do not express or imply any opinion as to the laws of any other jurisdiction, nor have we investigated the laws of any other jurisdiction;

(k) this legal opinion is given as of the date of the opinion, and we express no opinion as to the effect of any change in the facts or law or policy (or interpretations of such laws or policy) on which such opinions are based subsequent to the date of this legal opinion. We disclaim any obligation to update this legal opinion for any change in the facts or law occurring after the date of this legal opinion, which might affect this legal opinion;

(l) management has reviewed this legal opinion and confirmed its factual accuracy;

(m) we provide this legal opinion and have acted only in our capacity as an Australian legal advisor to the Company;

9. Legal Opinion

(n) this legal opinion does not express an opinion on any matter requiring skill or expertise of a non-legal nature, including business, operational, commercial, financial, market-related, statistical or accounting matters;

(o) the statements made and opinions in this legal opinion are based on the knowledge (as to matters of fact not law) of those partners and solicitors of HWL Ebsworth only who have acted for the Company in relation to this legal opinion. We have not made any inquiries of other partners or solicitors of the firm who may have knowledge acquired in the course of acting on other matters for the Company or for other clients of the firm; and

(p) the statements made and opinions in this letter are given only to the extent that a law firm, having the role described above, could reasonably be expected to have become aware of relevant facts and to have identified the implications of those facts.

7. Opinion

7.1 In our opinion, on the basis of our instructions and subject to the assumptions and qualifications set out above:

(a) the Company has satisfied the legal and regulatory obligations required for the Company to lawfully:

(i) cultivate cannabis plants and produce cannabis flower and resin from those cannabis plants at the Premises in accordance with the conditions of the Commonwealth Licence, Commonwealth Permits and/or any future MCPs which may be granted by the ODC;

(ii) supply cannabis flower and resin produced in accordance with an MCL and MCP to the holder of an MCML and valid MCMP (being the Manufacturing Partner, in accordance with the Manufacture Licence, Manufacture Permit and GMP Compliance Certificate);

(iii) engage in the wholesale Indent Supply of Schedule 4 Cannabidiol and Schedule 8 Cannabis in Western Australia; and

(iv) handle Schedule 9 Cannabis and supply Schedule 9 Cannabis to holders of Schedule 9 licences in Western Australia;

(b) the Manufacturing Partner holds the necessary MCML and MCMP, GMP certificate and Western Australian manufacturer/wholesaler licence to legally do business with the Company and for the Company to satisfy the requirement to supply to the holder of an MCML and valid MCMP;

(c) in order for the Company to conduct the proposed activities set out in paragraph 5.4, the Company will require an MCML (which we are instructed has been applied for, but not yet granted by the ODC) and a GMP certificate (which will be applied for in due course); and

(d) the Company holds an Import Licence and Export Licence, and has previously been issued Export Permits (being the Cansativa Export Permits).

In addition, the Company has four products listed for export only on the Australian Register of Therapeutic Goods, operated by the TGA (being, the TGA Registrations). Any future imports or exports of medicinal cannabis products would be subject to the Company obtaining an Import Permit or Export Permit in respect of each relevant consignment.

8. Governing law and reliance

8.1 This opinion shall be governed by and construed in accordance with the laws of Australia and is limited to the matters expressly stated herein. This opinion is limited to matters of Australian law and practice as at the date hereof and we have made no investigation and express no opinion with respect to the law or practice of any other jurisdiction.

Yours sincerely

For and on behalf of
HWL Ebsworth Lawyers

9. Legal Opinion

Schedule - Documents provided by Little Green Pharma Ltd

1. A copy of a quarterly business compliance certificate dated 31 October 2019, signed by the Company's Chief Financial Officer.

2. A copy of medicinal cannabis licence MC003/18 granted by the Secretary of the Department of Health pursuant to Section 8F of the *Narcotics Drugs Act 1967 (Cth)* to the Company for the cultivation and production of medical cannabis and related activities for a licence period from 29 May 2018 to 28 May 2020 (inclusive) (**Commonwealth Licence**).

3. Copies of medicinal cannabis permits MC00318P1 and MC00318P2 granted pursuant to section 9 of the *Narcotics Drugs Act 1967 (Cth)* permitting the Company to obtain, cultivate and produce a number of strains of medicinal cannabis under the Company's Commonwealth Licence for a period from 29 May 2018 to 28 May 2020 (inclusive) (**Commonwealth Permits**).

4. A copy of manufacture licence granted by the Secretary of the Department of Health pursuant to Section 11H of the *Narcotics Drugs Act 1967 (Cth)* to the Manufacturing Partner authorising the Manufacturing Partner to undertake the manufacture of extract and tinctures of cannabis and cannabis resin and activities relating to such manufacture, including but not limited to supply, packaging, transport, storage, possession and control and disposal or destruction (**Manufacture Licence**).

5. A copy of manufacture permit granted to the Manufacturing Partner (**Manufacture Permit**).

6. A copy of a certificate of GMP Compliance of a manufacturer issued by the Therapeutic Goods Administration to the Manufacturing Partner, confirming the Manufacturing Partner holds a licence to manufacture specified therapeutic goods under section 38 of the *Therapeutic Goods Act 1989* (Cth) (**GMP Compliance Certificate).**

7. A copy of licence number 29042 issued by the WA Department of Health under the *Medicines and Poisons Act 2014* (WA) to the Company permitting the supply of cannabis to holders of Schedule 9 Cannabis permits or licences issued under the *Medicines and Poisons Act 2014* (WA) valid until 8 August 2020 (**WA Poisons Licence**).

8. A copy of licence number 29043 issued by the WA Department of Health under the *Medicines and Poisons Act 2014* (WA) to the Company permitting the supply by indent wholesaling of Schedule 4 Cannabidiol and Schedule 8 Cannabis, valid until 9 April 2020 (**WA Indent Licence).**

9. A copy of licence 25058 issued by the WA Department of Health under the *Medicines and Poisons Act 2014* (WA) to the Manufacturing Partner permitting the supply by wholesale for human use of Schedule 2, Schedule 3, Schedule 4, Carbon tetrachloride in Schedule 7 in laboratory quantities (not for resale) and Schedule 8 poisons, valid until 30 June 2020 (**WA Wholesale Licence**).

10. A copy of an agreement between the Company and the Manufacturing Partner for the supply of cannabis and cannabis resin from the Company to the Manufacturing Partner for use in the manufacture of medicinal cannabis products for commercial end-use (**Supply Agreement)**.

11. A copy of a distribution agreement between the Company and Health House International Pty Ltd (**Health House**) dated 30 June 2019, for Health House to distribute certain medicinal cannabis products supplied by the Company on a wholesale basis within Australia (**Health House Distribution Agreement**).

12. A copy of a pharmacy supply agreement between the Company and Oxford Compounding Pty Ltd (**Oxford**) dated 27 November 2018, for the supply of medicinal cannabis products to Oxford, pursuant to which Oxford may handle, sell and distribute medicinal cannabis products to patients (**Oxford Supply Agreement**).

13. Copies of Australian Register of Therapeutic Goods (**ARTG**) Certificates issued to the Company by the Therapeutic Goods Administration for approval to supply 'listed' (export only) medicine products with the following export alias names and ARTG registrations:

    (a) 10:10 LGP Classic and LGP Classic T10:C10 (Aust L 319320);

    (b) 10:10 LGP Classic Balanced and T10:C10 LGP Classic (Bulk) (Aust L 319321);

    (c) 20:5 LGP Classic THC and T20:C5 LGP Classic (Aust L 319322);

    (d) 20:5 LGP Classic and LGP Classic T20: C5 (Bulk) (Aust L 319323),

    (together, **TGA Registrations**).

14. A copy of licence to import (licence no. 1921210) granted by the Secretary to the Department of Health pursuant to regulation 5 of the *Customs (Prohibited Imports) Regulations 1956* (Cth) (**CPIRs**) for the Company to import drugs as defined in Regulation 5 and as specified in Schedule 4 of the CPIRs, subject to a "Permit to Import" being obtained for each consignment, in force from 15 January 2019 to 31 December 2019 (**LGP Import Licence**).

15. A copy of licence to export (licence no. 1921211) granted by the Secretary to the Department of Health pursuant to regulation 10 of the *Customs (Prohibited Exports) Regulations 1958* (Cth) (**CPERs**) for the Company to export drugs as defined in the CPERs and as specified in Schedule 8 of the CPERs, subject to a "Permit to Export" being obtained for each consignment, in force from 15 January 2019 to 31 December 2019 (**LGP Export Licence**).

16. Copies of:

    (a) permit no. CSH19E51027 to export 1x 50mL bottle of Cannabis extract (Cannabidiol 250mg – Tetrahydrocannabinol 1,000 mg); and

    (b) permit no. CSH19E5101C to export 1x50mL bottle of Cannabis extract (Cannabidiol 500mg – Tetrahydrocannabinol 500 mg),

9. Legal Opinion

to Cansativa GmbH (**Cansativa**), a German based entity, granted pursuant to an import permit issued by the German Federal Institute for Drugs and Medical Devices to Cansativa issued on 21 May 2019 (**Cansativa Export Permits**).

17. A copy of licence to import granted by the Secretary to the Department of Health pursuant to regulation 5 of the CPIRs for the Manufacturing Partner to import drugs as defined in Regulation 5 and as specified in Schedule 4 of the CPIRs, subject to a "Permit to Import" being obtained for each consignment (**Manufacturing Partner Import Licence**).

18. A copy of licence to export granted by the Secretary to the Department of Health pursuant to regulation 10 of the CPERs for the Manufacturing Partner to export drugs as defined in the CPERs and as specified in Schedule 8 of the CPERs, subject to a "Permit to Export" being obtained for each consignment (**Manufacturing Partner Export Licence**).

10. Details of Offer

10. Details of Offer

10.1 The Offer

This Prospectus relates to an initial public offering of Shares by the Company at an offer price of $0.45 per Share. The Offer contained in this Prospectus is an invitation to apply for up to 22,222,222 Shares offered by the Company raising a minimum amount of $5,000,000 and a maximum amount of $10,000,000 (before associated costs) (**Offer**).

The Offer comprises:

(a) the **Broker Firm Offer**, which is open to Australian resident retail clients of Brokers who have received a firm allocation of Shares from their Broker (refer to Section 10.7);

(b) the **Institutional Offer**, which consists of an offer to Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares (refer to Section 10.8); and

(c) the **Chairman's List Offer**, which consists of an offer to selected investors in Australia who have received an invitation from the Chairman or the Company (refer to Section 10.9).

No general public offer will be made under the Offer.

All Shares offered under this Prospectus will rank equally with the existing Shares on issue. Refer to Section 11.6 for details of the rights attaching to Shares.

The Offer is made on the terms, and is subject to the conditions, detailed in this Prospectus. The allocation of Shares between the Broker Firm Offer, the Institutional Offer and the Chairman's List Offer will be determined by agreement between the Company and the Lead Manager.

Until the Shares are issued and transferred to successful Applicants, any Application Monies for Shares offered under the Offer will be held on trust for Applicants. If the Offer is withdrawn, Application Monies will be fully refunded. No interest will be paid on the Application Monies.

10.2 Minimum Subscription

The Minimum Subscription for this Offer is 11,111,111 Shares to raise $5,000,000. If the Minimum Subscription is not achieved within four (4) months after the date of this Prospectus, the Company will not allot any Offer Shares and all Application Monies will be returned without interest or the Company will issue a supplementary prospectus or replacement prospectus and allow Applicants one (1) month to withdraw their Applications and have their Application Monies refunded (without interest).

10.3 Purpose of the Offer and Funding Allocation

The purpose of the Offer is to:

(a) provide the Company with a capital structure, which, together with access to capital markets, will improve financial flexibility to execute on the Company's growth strategy and for future growth opportunities;

(b) provide a liquid market for its Shares and an opportunity for others to invest in the Company; and

(c) provide the Company with the benefits of an increased profile that arises from being a listed entity.

As at the date of this Prospectus the Company has cash reserves of approximately $3,500,000.

The Board believes that its current cash reserves and the funds raised from the Offer will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus.

The following table shows the expected use of funds in the two-year period following admission of the Company to the Official List:

Item	Minimum Subscription	%	Maximum Subscription	%
Sales and marketing[1]	$650,000	13%	$1,650,000	16%
Research and development[2]	$750,000	15%	$1,500,000	15%
System implementation[3]	$750,000	15%	$1,500,000	15%
Manufacturing site expansion[4]	–	–	$1,500,000	15%
Education activities[5]	$500,000	10%	$1,000,000	10%
Regulatory compliance[6]	$500,000	10%	$500,000	5%
International office costs[7]	$300,000	6%	$500,000	5%
Inventory build up	$850,000	17%	$850,000	9%
Costs of the Offer[8]	$700,000	14%	$1,000,000	10%
Total Funds Allocated	**$5,000,000**	**100%**	**$10,000,000**	**100%**

1. Sales and marketing activities including, but not limited to, promotional activities and event driven marketing campaigns, expansion of internal and external public relations capacity in relevant jurisdictions, building business networks, strategic partnerships and alliances and associated marketing costs (including in respect to branding, digital assets and social media engagements).
2. Research and development activities, including research and development of drug delivery technologies, investigating the efficacy of medicinal cannabis and development of new medicinal cannabis formulations.
3. Costs associated with the implementation of an enterprise resource planning software, data analytics system and upgrading the Company's existing cannabis tracking system.
4. Fit out costs associated with the GMP drying rooms and proposed new extraction rooms.
5. Training and education activities, including implementing LGP sponsored national education events, development of educational collateral, expansion of the Green Choices website and establishing an in-house training and education centre in Australia.
6. Costs associated with maintaining and renewing existing licences and the application of new licences in Australia, Germany and the United Kingdom.
7. Costs associated with establishing "satellite" offices in Switzerland, Germany and the United Kingdom.
8. During the period between 1 July 2019 (being the date on which the Financial Information, detailed in Section 4, was settled) to 31 October 2019, the Company has incurred an estimated expenditure of $3,500,000 on capital and operating expenses.

Shareholders should note that the above estimated expenditures will be subject to modification on an on-going basis depending on the progress of the Company's activities. Due to market conditions and/or any number of other factors (including the risk factors outlined in Section 6), actual expenditure levels may differ significantly to the above estimates.

The Directors consider that on completion of the Offer (based on the Minimum Subscription) the Company will have adequate capital to meet its current objectives and requirements as set out in this Prospectus.

10.4 Shareholding Structure

The details of the ownership of Shares immediately prior to and immediately following completion of the Offer are as follows:

Shareholders	Number of Shares held as at the date of this Prospectus	Number of Shares held on completion of the Offer (Minimum Subscription)	%	Number of Shares held on completion of the Offer (Maximum Subscription)	%
Existing Shareholders	73,823,781	76,437,671[1,2]	62.5%	76,437,671[1,2]	57.3%
Shares issued following conversion of the Convertible Notes	Nil	34,711,975[3]	28.4%	34,711,975[3]	26.0%
Shares issued under the Offer	Nil	11,111,111	9.1%	22,222,222	16.7%
Total	**72,823,781**	**122,260,757**	**100%**	**133,371,868**	**100%**

1. As at the date of this Prospectus, it is proposed that a further 375,000 Shares, in aggregate, will be issued to Mr Michael Lynch-Bell and Dr Neale Fong, subject to Shareholder approval, prior to Admission.
2. On listing, 1,500,000 Shares will be issued to Mr Angus Caithness, and 738,890 Shares to certain employees.
3. This assumes the issue of Shares on or about 21 January 2020 and this number will increase if the Convertible Notes convert on a later date. Refer to Section 11.4(c) for further details.

10. Details of Offer

10.5 Capital Structure

On the basis that the Company completes the Offer on the terms in this Prospectus, the Company's capital structure will be as follows:

Maximum Subscription	Shares	Options	Performance Rights
On issue as at the date of this Prospectus	73,823,781	10,850,000[3]	2,500,000[4]
Shares Issued on listing	2,613,890[1,2,5]	Nil	(1,500,000)[5]
Adviser Options to be issued	Nil	4,073,536[6]	Nil
Performance Rights to be issued	Nil	Nil	6,000,000[7]
Shares issued following conversion of the Convertible Notes	34,711,975[8]	Nil	Nil
Shares issued under the Offer	22,222,222	Nil	Nil
Total	**133,371,868**	**14,923,536**	**7,000,000**[9]

Minimum Subscription	Shares	Options	Performance Rights
On issue as at the date of this Prospectus	73,823,781	10,850,000[3]	2,500,000[4]
Shares issued on listing	2,613,890[1,2,5]	Nil	(1,500,000)[5]
Adviser Options to be issued	Nil	4,073,536[6]	Nil
Performance Rights to be issued	Nil	Nil	6,000,000[7]
Shares issued following conversion of the Convertible Notes	34,711,975[8]	Nil	Nil
Shares issued under the Offer	11,111,111	Nil	Nil
Total	**122,260,757**	**14,923,536**	**7,000,000**[9]

1. As at the date of this Prospectus, it is proposed that a further 375,000 Shares, in aggregate, will be issued to Mr Michael Lynch-Bell and Dr Neale Fong, subject to Shareholder approval and prior to Admission.
2. On listing, 738,890 Shares will be issued to certain employees.
3. Options with an exercise price of $0.30 and expiry dates of 31 July 2020, 31 December 2020, 31 January 2021 and 28 February 2022. Refer to Section 11.7 for further details.
4. 1,000,000 Performance Rights will convert into Shares upon the Company achieving $100 million in market capitalisation and expire on 19 September 2020. Refer to Section 11.8 for further details.
5. 1,500,000 Performance Rights issued to Mr Angus Caithness will convert to shares on Admission.
6. 2,036,768 Options, each with an exercise price of $0.42 and expiring on 31 July 2022 and 2,036,768 Options with an exercise price of $0.48 and expiring on 31 July 2022. Refer to Section 11.7 for the terms and conditions.
7. 6,000,000 Performance Rights to be issued, subject to Shareholder approval, prior to Admission. Refer to Section 11.9.
8. This assumes the issue of Shares on or about 21 January 2020 and this number will increase if the Convertible Notes convert on a later date. Refer to Section 11.4(c) for further details.
9. Does not include the potential issue of Plan Shares to certain employees and consultants under the Employee Incentive Plan following Admission. Refer to Section 11.10 for further details.

10.6 Terms and Conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares, being fully paid ordinary shares in the Company.
What are the rights and liabilities attached to the securities?	A description of the Shares, including the rights and liabilities attaching to them, is detailed in Section 11.6.
What is the consideration payable for each security being offered?	The Offer price is $0.45 per Share.
What is the Offer period?	The key dates, including details of the Offer Period, are on page 3. The timetable is indicative only and may change. Unless otherwise indicated, all times are stated in (AEDT). The Company, in agreement with the Lead Manager, reserve the right to amend any and all of these dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, to accept late Applications (either generally or in particular cases) or to cancel the Offer before Shares are issued by the Company. If the Offer is cancelled before the issue and transfer of Shares, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.
What are the cash proceeds to be raised?	A minimum of $5,000,000 and a maximum of $10,000,000 is expected to be raised under the Offer.
Is the Offer underwritten?	No.
Who is the Lead Manager for the Offer?	Canaccord Genuity (Australia) Limited.
What is the minimum and maximum Application size under the Offer?	The minimum Application under the Broker Firm Offer is as directed by the Applicant's Broker and there is no maximum value of Shares that may be applied for under the Broker Firm Offer. The Lead Manager and the Company also reserve the right to reject any Application, allocate a lesser number of Shares than applied for or aggregate any Applications that they believe may be multiple Applications from the same person. Applications under the Offer must be for a minimum of $2,000 of Shares and in multiples of $500 of Shares thereafter. There is no maximum value of Shares that may be applied for under the Broker Firm Offer.
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer, the Institutional Offer, and the Chairman's List Offer will be determined by agreement between the Company and the Lead Manager, having regard to the allocation policies outlined in Sections 10.7(d), 10.8(b) and 10.9(b). For Broker Firm Offer participants, the relevant Broker will decide how it allocates Shares among its retail clients, and it (and not the Company or the Lead Manager) will be responsible for ensuring that retail clients who have received an allocation from it receive the relevant Shares. Save as detailed below, the allocation of Shares under the Institutional Offer will be determined by the Lead Manager, in consultation with the Company. The Company and the Lead Manager have absolute discretion regarding the allocation of Shares to Applicants under the Offer and may reject an Application, or allocate fewer Shares than the number, or the equivalent dollar amount than applied for.

10. Details of Offer

Topic	Summary
When will I receive confirmation that my application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about 6 February 2020. Refunds to Applicants who make an Application and are scaled back will be made as soon as possible after Admission, which is expected to occur on or about 7 February 2020. No refunds pursuant solely to rounding will be provided.
Will the Shares be quoted on the ASX?	The Company will apply within seven days of the date of the Prospectus to ASX for admission to the Official List and quotation of Shares on ASX (which is expected to be under the code "LGP"). Completion is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest, as soon as practicable in accordance with the requirements of the Corporations Act. The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time. ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.
When are the Shares expected to commence trading?	It is expected that trading of the Shares on ASX will commence on or about 7 February 2020.
Are there any escrow arrangements?	Yes. Details are provided in Section 11.13.
Has any ASIC relief or ASX waiver been sought or obtained?	The Company has applied for a waiver from Listing Rule 1.1 condition 12 to permit the Company to have Performance Rights on issue with an exercise price of less than $0.20 at the time of Admission. The Company has also sought confirmation that the terms of the Performance Rights are appropriate and equitable under Listing Rule 6.1 and sought confirmation as to the application of ASX-imposed escrow.
Are there any tax considerations?	The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares, pursuant to the Offer, from a taxation view point and generally.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See Section 11.17 for details of fees payable by the Company to the Lead Manager.
What should you do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the Offer Information Line on 1300 140 291 (within Australia) and +61 3 9415 4277 (international), between 8.30am and 5.30pm (AEDT), Monday to Friday. All enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.

10.7 Broker Firm Offer

(a) Who may apply

The Broker Firm Offer is open to retail clients of Brokers who received a firm allocation of Shares from their Broker and who have a registered address in Australia and are not located in the United States. You should contact your Broker to determine whether you can receive an allocation of Shares under the Broker Firm Offer.

(b) How to apply

If you have received an allocation of Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms or payment to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a Prospectus and Broker Firm Application Form or download a copy at https://lgpoffer.thereachagency.com. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Broker Firm Application Form and Application Monies are received before 5.00pm (AEDT) on the Closing Date or any earlier closing date as determined by your Broker.

Broker clients should complete and lodge their Broker Firm Application Form with the Broker from whom they received their invitation to acquire Shares under this Prospectus. Broker Firm Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions detailed on the reverse of the Broker Firm Application Form.

By making an Application, you declare that you were given access to the Prospectus, together with a Broker Firm Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applicants under the Broker Firm Offer should contact their Broker about the minimum and maximum Application size. The Company and the Lead Manager reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person. The Company may determine a person to be eligible to participate in the Broker Firm Offer and may amend or waive the Broker Firm Offer Application procedures or requirements, in its discretion in compliance with applicable laws.

The Company, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 9.00am (AEDT) on the Opening Date and is expected to close at 5.00pm (AEDT) on the Closing Date. The Company and the Lead Manager may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer or any part of it may be closed at any earlier time and date, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

(c) How to pay

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by that Broker.

(d) Allocation policy under the Broker Firm Offer

The allocation of Shares to Brokers will be determined by the Lead Manager in consultation with the Company. Shares that are allocated to Brokers for allocation to their clients will be issued or transferred to the Applicants nominated by those Brokers (subject to the right of the Company and the Lead Manager to reject, aggregate or scale back Applications). It will be a matter for each Broker as to how they allocate Shares among their retail clients, and they (and not the Company or the Lead Manager) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

(e) Acceptance of Applications under the Broker Firm Offer

An Application in the Broker Firm Offer is an offer by you to the Company to apply for Shares at the Offer Price, on the terms and conditions detailed in this Prospectus (including any supplementary or replacement document) and the Broker Firm Application Form. To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable.

An Application may be accepted by the Company in respect of the full amount, or any amount lower than that specified on the Broker Firm Application Form without further notice to the Applicant. The Company reserves the right to decline any Application if it believes any provisions or procedures in this Prospectus, the Broker Firm Application Form or other laws or regulations may not be complied with in relation to the Application.

10. Details of Offer

The Company and the Lead Manager reserve the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by the Applicant in completing their Application. In addition, the Company and the Lead Manager reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of applications).

The final allocation of Shares to Applicants in the Broker Firm Offer will be at the absolute discretion of the Company and the Lead Manager. The Company and the Lead Manager may reject an Application, or allocate fewer Shares than the number, or the equivalent dollar amount applied for.

Successful Applicants in the Broker Firm Offer will be allotted Shares at the Offer Price. Acceptance of an Application will give rise to a binding contract, conditional on settlement and quotation of Shares on ASX on an unconditional basis.

(f) Application Monies

Application Monies received under the Broker Firm Offer will be held in a special purpose account until Shares are issued or transferred to successful Applicants.

Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser dollar amount of Shares than the amount applied for, will be mailed (or otherwise in the Company's discretion provided with) a refund (without interest) of all or part of their Application Monies, as applicable.

No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

It is your responsibility to ensure that your BPAY® payment or electronic funds transfer payment is received by the Share Registry by no later than 5.00pm (AEDT) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

10.8 Institutional Offer

(a) Invitations to Bid

The Institutional Offer consisted of an invitation to certain Institutional Investors in Australia and certain foreign jurisdictions to apply for Shares. The Lead Manager separately advised Institutional Investors of the application procedures for the Institutional Offer.

(b) Institutional Offer Allocation Policy

The allocation of Shares among bidders in the Institutional Offer was determined by the Lead Manager, in consultation with the Company. The Lead Manager and the Company had absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Lead Manager. The allocation policy was influenced, but not constrained by the following factors:

(i) number of Shares bid for by particular Applicants;

(ii) timeliness of the bid by particular Applicants;

(iii) Company's desire for an informed and active trading market following completion;

(iv) Company's desire to establish a wide spread of institutional Shareholders;

(v) overall level of demand under the Broker Firm Offer and Institutional Offer;

(vi) size and type of funds under management of particular Applicants;

(vii) likelihood that particular Applicants will be long-term Shareholders; and

(viii) other factors that the Company and the Lead Manager consider appropriate.

10.9 Chairman's List Offer

(a) Who may apply

Shares offered under the Chairman's List Offer will be allocated at the discretion of the Company, in consultation with the Lead Manager. If you have received an offer to participate in the Chairman's List Offer, you must complete the Chairman's List Offer Application Form and deliver it with your Application Monies in accordance with the instructions on the Chairman's List Application Form.

(b) Chairman's List Offer Allocation Policy

The basis of allocation under the Chairman's List Offer will be determined by the Company in consultation with the Lead Manager.

(c) Acceptance of Applications under the Chairman's List Offer

An Application in the Chairman's List Offer is an offer by you to the Company to apply for Shares at the Offer Price, on the terms and conditions detailed in this Prospectus (including any supplementary or replacement document) and the Chairman's List Application Form. To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable.

An Application may be accepted by the Company in respect of the full amount, or any amount lower than that specified on the Chairman's List Application Form without further notice to the Applicant. The Company reserves the right to decline any Application if it believes any provisions or procedures in this Prospectus, the Chairman's List Application Form or other laws or regulations may not be complied with in relation to the Application.

The Company and the Lead Manager reserve the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Chairman's List Offer, or to waive or correct any errors made by the Applicant in completing their Application. In addition, the Company and the Lead Manager reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of applications).

The final allocation of Shares to Applicants in the Chairman's List Offer will be at the absolute discretion of the Company, in consultation with the Lead Manager. The Company and the Lead Manager may reject an Application, or allocate fewer Shares than the number, or the equivalent dollar amount applied for.

Successful Applicants in the Chairman's List Offer will be allotted Shares at the Offer Price. Acceptance of an Application will give rise to a binding contract, conditional on settlement and quotation of Shares on ASX on an unconditional basis.

(d) Application Monies

Application Monies received under the Chairman's List Offer will be held in a special purpose account until Shares are issued or transferred to successful Applicants.

Applicants under the Chairman's List Offer whose Applications are not accepted, or who are allocated a lesser dollar amount of Shares than the amount applied for, will be mailed (or otherwise in the Company's discretion provided with) a refund (without interest) of all or part of their Application Monies, as applicable.

No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

It is your responsibility to ensure that your BPAY® payment or electronic funds transfer payment is received by the Share Registry by no later than 10.00am (AEDT) on Wednesday, 22 January 2020. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

10.10 Restriction on Distribution

No action has been taken to register or qualify the Shares that are the subject of the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia. The Offer is not an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be released or distributed in the United States or elsewhere outside Australia, unless it has attached to it the selling restrictions applicable in the jurisdiction outside Australia and may only be distributed to persons to whom the Institutional Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States.

10. Details of Offer

Each Applicant in the Chairman's List Offer and Broker Firm Offer, as well as each person in Australia to whom the Institutional Offer is made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

(a) it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or resold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable US securities laws;

(b) it is not in the United States;

(c) it has not sent and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and

(d) it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction which Shares are offered and sold.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and undertakings detailed in the confirmation of allocation letter distributed to it.

For further information in respect to the other selling restrictions that apply to the Offer, refer to Section 11.12.

10.11 Discretion Regarding the Offer

The Company may at any time decide to withdraw this Prospectus and the Offer in which case the Company will return all Application Monies (without interest) in accordance with the requirements of the Corporations Act.

The Company and the Lead Manager also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than the number, or the equivalent dollar amount than applied or bid for.

10.12 CHESS

The Company will apply to participate in the Clearing House Electronic Subregister System (**CHESS**), which is the ASX electronic transfer and settlement system in Australia, in accordance with the Listing Rules and ASX Operating Rules. Settlement of trading of quoted securities on the ASX market takes place on CHESS. CHESS allows for and requires the settlement of transactions in securities quoted on ASX to be effected electronically. On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's register of Shareholders.

The Company will not issue certificates of title to Shareholders. Instead, as soon as is practicable after allotment, successful Applicants will receive a holding statement which sets out the number of Shares issued to them, in much the same way as the holder of shares in an Australian incorporated ASX-listed entity would receive a holding statement in respect of shares held. A holding statement will also provide details of a Shareholder's HIN (in the case of a holding on the CHESS sub-register) or SRN (in the case of a holding on the issuer sponsored sub-register).

Following distribution of these initial holding statements, an updated holding statement will only be provided at the end of any month during which changes occur to the number of Shares held by Shareholders. Shareholders may also request statements at any other time (although the Company may charge an administration fee).

10.13 ASX Listing and Official Quotation

Within 7 days after the date of this Prospectus, the Company will apply to ASX for admission to the Official List and for the Shares, including those offered by this Prospectus, to be granted Official Quotation (apart from any Shares that may be designated by ASX as restricted securities).

If ASX does not grant permission for Official Quotation within three (3) months after the date of this Prospectus (or within such longer period as may be permitted by ASIC) none of the Shares offered by this Prospectus will be allotted and issued. If no allotment and issue is made, all Application Monies will be refunded to Applicants (without interest) as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

10.14 Risk Factors of an Investment in the Company

Prospective investors should be aware that an investment in the Company should be considered highly speculative and involves a number of risks inherent in the business activities of the Company. Section 6 details the key risk factors which prospective investors should be aware of. It is recommended that prospective investors consider these risks carefully before deciding whether to invest in the Company.

This Prospectus should be read in its entirety as it provides information for prospective investors to decide whether to invest in the Company. If you have any questions about the desirability of, or procedure for, investing in the Company please contact your stockbroker, accountant or other independent adviser.

10.15 Underwriting

The Offer is not underwritten.

10.16 Paper Copies of Prospectus

The Company will provide paper copies of this Prospectus (including any supplementary or replacement document) and the applicable Application Form to investors upon request and free of charge. Requests for a paper copy from Australian resident investors should be directed to Offer Information Line on 1300 140 291 (within Australia) and +61 3 9415 4277 (international), between 8.30am and 5.30pm (AEDT), Monday to Friday for further details.

10.17 Enquiries

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser. Enquiries from Australian resident investors relating to this Prospectus, or requests for additional copies of this Prospectus, should be directed to the Offer Information Line on 1300 140 291 (within Australia) and +61 3 9415 4277 (international), between 8.30am and 5.30pm (AEDT), Monday to Friday.

11. Additional Information

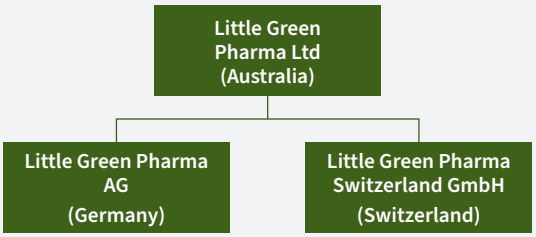
11. Additional Information

11.1 Incorporation

The Company was incorporated in Western Australia as a proprietary company limited by shares on 27 October 2016 and was converted to a public company limited by shares on 8 February 2019.

11.2 Corporate Structure and Chart

The following diagram represents the Company's corporate structure:



11.3 Company Tax Status

The Company is, and will be, subject to tax at the Australian corporate tax rate.

11.4 Material Contracts

The Directors consider that the material contracts described below are those which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of an investment in the Company under the Offer.

This Section contains summaries of the material contracts and their substantive terms which are not otherwise disclosed elsewhere in this Prospectus.

(a) Material Contracts with Related Parties

The Company is a party to the following material contracts and agreements with related parties of the Company:

(i) Executive Director Remuneration Agreements

The Company has entered into an executive services agreement with Ms Fleta Solomon in respect of her employment as Managing Director of the Company. The principal terms of the executive service agreement are as follows:

(A) Ms Solomon receives a base salary of $295,000 per annum plus superannuation guarantee contributions;

(B) express provisions protecting the Company's confidential information and intellectual property;

(C) Ms Solomon and the Company can terminate the agreement by giving 6 months' notice in writing to the other party; and

(D) the Company may summarily terminate the agreement on the grounds of, among other things, serious or persistent breaches of the terms of the agreement, gross or wilful misconduct or if Ms Solomon is guilty of any conduct which results in damage to the reputation or the business of the Company.

The Company has entered into an employment agreement with Mr Angus Caithness in respect of his employment as an Executive Director of the Company. The principal terms of the executive service agreement are as follows:

(A) Mr Caithness receives a base salary of $260,000 per annum plus superannuation guarantee contributions;

(B) express provisions protecting the Company's confidential information and intellectual property;

(C) Mr Caithness and the Company can terminate the agreement by giving 6 months' notice in writing to the other party; and

(D) the Company may summarily terminate the agreement on the grounds of, among other things, serious or persistent breaches of the terms of the agreement, gross or wilful misconduct or if Mr Caithness is guilty of any conduct which results in damage to the reputation or the business of the Company.

11. Additional Information

Non-Executive Director Remuneration Agreements

The Company has entered into Non-Executive Director appointment letters with each of Dr Neale Fong and Mr Michael Lynch-Bell on the following key terms:

(A) Mr Lynch-Bell receives annual remuneration of $120,000 plus superannuation guarantee contributions up to the maximum super contribution base and, subject to the Listing Rules, applicable laws and Shareholder approval,

  (1) 250,000 Shares upon the admission of the Company to the Official List of the ASX and for quotation of its Shares on ASX; and

  (2) 300,000 Shares upon the third anniversary of the admission of the Company to the Official List of the ASX and for quotation of its Shares on ASX;

(B) Dr Fong receives annual remuneration of $60,000 plus superannuation guarantee contributions up to the maximum super contribution base and, subject to the Listing Rules, applicable laws and Shareholder approval,

  (1) 125,000 Shares upon the admission of the Company to the Official List of the ASX and for quotation of its Shares on ASX; and

  (2) 150,000 Shares upon the third anniversary of the admission of the Company to the Official List of the ASX and for quotation of its Shares on ASX; and

(C) the appointments of both Mr Lynch-Bell and Dr Fong shall cease if the Non-Executive Director:

  (1) resigns;

  (2) is disqualified under the Corporations Act or the Constitution from being a company Director; or

  (3) is removed as a Director in accordance with the Corporations Act or the Constitution.

(b) Lead Manager Mandate

The Company has entered into:

- a mandate with the Lead Manager dated 19 June 2019 pursuant to which the Lead Manager agreed to arrange and manage a capital raising for the Company which completed on 2 August 2019 (**Capital Raising Mandate**); and
- a mandate with the Lead Manager dated 25 September 2019 pursuant to which the Lead Manager agreed to arrange and manage the Offer (**Offer Mandate**).

(together, the **Lead Manager Mandates**)

For the purpose of this Section 11.4(b) 'Offer Documents' means the documents issued or published by or on behalf of the Company and with its prior approval in respect of the Offer including:

- this Prospectus, any Application Form and any supplementary prospectus;
- any pathfinder versions of this Prospectus (including any addendums to such versions);
- any confirmation, allocation and registration form or cover email sent by or on behalf of the Company to eligible Institutional Investors in connection with the Institutional Offer and bookbuild; and
- any marketing roadshow presentation and/or public announcements used by the Company in connection with the Offer.

(i) Commissions, Fees and Expenses

As consideration under the Capital Raising Mandate the Company:

- paid to the Lead Manager a fee of $540,000 which comprised 6% of the gross proceeds raised under the capital raising contemplated by the Capital Raising Mandate; and
- agreed to issue the Adviser Options to the Lead Manager.

As consideration under the Offer Mandate the Company agreed to pay to the Lead Manager:

- a monthly fee for every month from the commencement of the Lead Manager Mandate until the date that Shares are issued under this Prospectus. This fee is rebateable against the Success Fee; and
- a fee (**Success Fee**) equal to 6% of the of the total funds raised under the Offer upon the issue of Shares under the Offer.

In addition to the fees detailed above, the Company agreed to reimburse the Lead Manager for certain agreed costs and expenses incurred by the Lead Manager in relation to capital raising contemplated by the Capital Raising Mandate and the Offer.

(ii) Termination

The Lead Manager may terminate either of the Lead Manager Mandates at any time.

The Company may terminate either of the Lead Manager Mandates at any time if the Lead Manager has materially breached the terms of the Lead Manager Mandate that the Company wishes to terminate.

(iii) Representations and Warranties

The Company has given certain representations and warranties to the Lead Manager under each of the Lead Manager Mandates in respect of matters such as the conduct of the Company, power and authorisations, information provided by the Company including disclosures and financial information, information in this Prospectus and other public information, no encumbrances over the Shares to be issued under the Offer, the conduct of the Offer, no breach and compliance with laws, litigation, the Listing Rules and other legally binding requirements.

(iv) Indemnity

Subject to certain exclusions relating to, among other things, fraud, wilful breach, or gross negligence by the Lead Manager and its Indemnified Persons (as defined in the Lead Manager Mandate), the Lead Manager Mandates provide that the Company indemnifies the Lead Manager and its certain persons, to the maximum extent permitted by law, from and against all Claims (as defined in the Lead Manager Mandates) incurred in connection with the capital raising contemplated by the Capital Raising Mandate, the Offer, the Offer Documents and the Lead Manager Mandates.

(c) Convertible Notes Agreements

The Company has entered into binding convertible note agreements with the Convertible Note Holders (**Convertible Note Agreement**) and has issued 10,350,000 Convertible Notes on the following terms and conditions:

(i) The face value of each Convertible Notes is $1.00.

(ii) The maturity date of 31 July 2020 unless previously redeemed in accordance with the terms of the Convertible Note Term Sheet (**Maturity Date**).

(iii) The Convertible Notes have a cut-off date of 31 July 2021.

(iv) If the Company undertakes an initial public offering on the ASX pursuant to which investors subscribe for Shares to the value of $5,000,000 (**Qualifying IPO**), all of the Convertible Notes will convert into Shares immediately following the issue of Shares under the Qualifying IPO as follows:

  (A) 50% of the Convertible Notes will convert at an issue price of $0.30 per Share; and

  (B) 50% of the Convertible Notes will convert at an issue price of the greater of $0.30 and 70% of the offer price under the Qualifying IPO.

(v) If any Convertible Notes are outstanding at 31 July 2021, the Convertible Note holder must elect to redeem or convert all of its Convertible Notes.

(vi) If an event of default occurs and a notice is given to the Company, the Company must pay to the Convertible Note holder the face value of the Convertible Notes plus any accrued interest.

(vii) Simple, non-compounding interest accrues on the face value of the Convertible Notes at a rate of 10% per annum and is payable by the Company via the issue of Shares on conversion or redemption of the Convertible Notes.

(viii) The Convertible Notes do not confer a right to vote at a Shareholder meeting.

(d) Manufacturing Agreement

The Company has entered into an amended and restated manufacturing agreement with the Manufacturing Partner dated 22 November 2018 (**Manufacturing Agreement**).

11. Additional Information

(i) Manufacturing Appointment

Manufacturing Partner is appointed to:

(A) take delivery of raw materials from the Company and manufacture products in accordance with product specifications and any other manufacturing instructions, processes or test specifications agreed in writing between the parties or otherwise required to be produced under the Manufacturing Agreement;

(B) undertake activities in connection with new specification products, expansions and development activities where required;

(C) store the products and test samples of the products; and

(D) transport and deliver products.

(ii) Exclusive arrangement

The Manufacturing Agreement provides that the Manufacturing Partner will exclusively manufacture medicinal cannabis products and cannabis-related products for the Company and will not manufacture any such products for any other person during the term of the Manufacturing Agreement or a period of 5 years, whichever is the longer.

If the Manufacturing Partner wishes to terminate the agreement for convenience it can only do so after 22 November 2023 and with 12 months' notice, which means that the earliest date on which the manufacturing agreement could be terminated by the Manufacturing Partner for convenience is 23 November 2024.

(iii) Duration of the Manufacturing Agreement

The initial term of the Manufacturing Agreement is from 22 November 2018 until 22 November 2023. Upon the expiry of this term, the term of the Manufacturing Agreement automatically extends for successive periods of 5 years each, until the Manufacturing Agreement is terminated in accordance with its termination provisions.

(iv) Termination of the Manufacturing Agreement

The Manufacturing Agreement may be terminated for convenience:

(A) by the Company by giving the Manufacturer 3 months' notice in writing at any time; and

(B) by Manufacturing Partner by giving the Company 12 months' notice in writing at any time after 22 November 2023.

Either party may terminate the Manufacturing Agreement (on an immediate basis) by notice in writing if the other party:

(A) suffers an insolvency event; or

(B) is in default in performing or observing any of the terms of the Manufacturing Agreement and the default continues for a period of at least 30 days after written notice has been given to that party to remedy the default.

(v) Warranties

The only warranty given by the Company to Manufacturing Partner in respect of the Manufacturing Agreement is that the raw materials supplied to Manufacturing Partner will comply with the specifications for raw materials as defined in the Manufacturing Agreement.

The Manufacturing Partner warrants to the Company, amongst other things, that:

(A) except where expressly stated to the contrary in the Manufacturing Agreement, before entering into the Manufacturing Agreement, the Manufacturing Partner obtained all necessary approvals, licenses, permissions and consents required for the purposes of the Manufacturing Agreement, including all approvals and permits necessary to both receive and store the raw materials and to manufacture and supply the products;

(B) the Company will be able to use the products manufactured under the Manufacturing Agreement for the purposes for which they are intended; and

(C) the products manufactured under the Manufacturing Agreement:

  (1) will be free from defects, contamination and errors;

  (2) comply with and conform to the specifications under the Manufacturing Agreement;

  (3) will be of merchantable quality and of a standard (including that of safety) which consumers of the products are entitled to expect (there are no parameters on this warranty);

  (4) will comply with all applicable laws of the intended marketplace (the intended marketplace is not defined); and

  (5) will, upon delivery, be free and clear of any liens, security interests or encumbrances of any type or nature.

(vi) Indemnities

The Manufacturing Partner indemnifies the Company (and the Company's Related Parties) against any and all claims, proceedings, demands, losses, damages, costs (including third party claims) of whatever nature that the Company incurs or may incur as a result of:

(A) a breach or wilful default by the Manufacturing Partner (or any subcontractor, agent or employee of the Manufacturer) of any of the Manufacturer's obligations or warranties under the Manufacturing Agreement;

(B) any act or default or omissions or negligence of the Manufacturing Partner (or any subcontractor, agent or employee of the Manufacturing Partner); or

(C) any contamination or defect in either the services or the products provided by the Manufacturing Partner to the Company.

The Manufacturing Agreement does not contain any indemnities in favour of the Manufacturing Partner.

(vii) Intellectual property

The parties acknowledge that all right, title and interest in any:

(A) know-how created or developed by the Manufacturing Partner in connection with the Company's patent; and

(B) intellectual property created or developed as a result of or in connection with any activities undertaken by the Manufacturing Partner in relation to any dealings with the products,

is owned by the Company.

The Company and the Manufacturing Partner grant to each other royalty-free, non-exclusive, irrevocable licences to use the intellectual property owned by each party respectively.

(e) Leases over cultivation site

The Company has entered into two long-term leases in respect of the land on which it cultivates and produces the crops that it delivers to the Manufacturing Partner.

(i) Permitted use of leased premises

The cultivation and production of medicinal cannabis.

(ii) Initial terms

1 January 2019 until 31 August 2024 and 1 September 2019 to 31 August 2024, respectively.

(iii) Options to extend terms

The terms of both leases can be extended for the following periods:

(A) 5 years commencing on 1 September 2024;

(B) 4 years commencing on 1 September 2029;

(C) 3 years commencing on 1 September 2033; and

(D) 3 years commencing on 1 September 2036.

(iv) Adjustments of rent amount

The rent amount in respect of each lease is subject to adjustment pursuant to consumer price index on 1 September of 2020, 2021, 2022, 2023, 2025, 2026, 2027, 2028, 2030, 2031, 2032, 2033, 2035, 2036, 2037, 2038 and 2040.

The rent amount in respect of each lease is subject to market review adjustments on 1 June of 2024, 2029, 2034 and 2039.

(v) Make good obligations

Amongst other things, at the end of each lease the Company is obliged to:

(A) remove from the leased premises and the land comprised in the Title (Land) all fixtures, fittings, equipment and furnishings which have been erected, installed or owned by the Company (other than any fixtures, fittings, equipment and furnishings which, in the opinion of the landlord form an integral part of the leased premises) or which have not been authorised by the landlord in writing to remain after expiration of the lease, and any signage or antenna erected internally or externally to or on the leased premises; and

(B) if required by the landlord, reinstate any alterations made by the Company to the leased premises so the leased premises are converted back to the base standard and layout including the mechanical and electrical services and repair of the ceiling, unless approval by the landlord in writing to remain after the expiration of the lease.

(vi) Contamination covenant

In respect of each lease. the Company must, amongst other things:

(A) use the leased premises in a manner which complies with all applicable environmental laws and in accordance with any authorisations required under any application environmental laws;

(B) not do or omit to any act which result in the revocation, suspension or modification of an authorisations required under any application environmental laws in relation to the leased premises;

(C) give to the Landlord and each public authority which has to be informed under applicable laws, notice immediately on becoming aware of or suspecting contamination;

(D) permit an environmental consultant engaged by the landlord to make a comprehensive environmental assessment of the leased premises at any time during the term of the lease and up to 3 months after the end of the lease (the costs of which are to be borne by the landlord);

(E) indemnifies the Landlord against any loss in value in its freehold interest in the land on which the leased premises is situated and any adjoining or nearby land; and

(F) if, in the reasonable opinion of any environmental consultant engaged by the landlord as per the above (or any other assessment), an assessment shows:

(1) there has been contamination contributed to, caused or permitted by the Company; or

(2) the Company has failed to observe or perform obligations under any applicable laws or in accordance with the direction of any applicable authority,

immediately take action recommended by the consultant to remedy and remove that contamination or to comply with, perform or observe any applicable laws, at the Company's expense unless the contamination caused before the commencement of the lease.

If the Company fails to comply with any applicable environmental laws, the landlord may, at the Company's expense, carry out the work necessary to comply with those laws.

(vii) Alterations to leased premises

The Company must not make any structural or other alteration or addition to either of the leased premises (including electrical variations or installations) without first submitting to the landlord full detailed drawings and specification of the proposed works and first obtaining the landlord's consent of any proposed alteration in writing.

(f) Supply and Distribution Agreement

The Company has entered into a distribution agreement with Health House International Pty Ltd (ABN 66 161 601 083) (**Distributor**) pursuant to which LGP supplies and delivers to the Distributor its medicinal cannabis products when and if the Distributor orders those products.

(i) Appointment

The Distributor is appointed as a non-exclusive wholesale distributor of products produced by the Company and the Distributor is authorised to describe itself as a dealer of the Company in respect of such products.

(ii) Distributor's obligations

Amongst other things, the Distributor will, for the term of the Supply and Distribution Agreement:

(A) obtain and keep in force all approvals required to carry on the business of the Distributor and to perform all activities contemplated by the Supply and Distribution Agreement;

(B) maintain appropriate stock levels of the Products;

(C) include the products supplied by the Company under the Supply and Distribution Agreement in a catalogue that the Distributor supplies to its customers; and

(D) ensure that the facilities occupied by the Distributor are compliant with the requirements of any relevant authority and all applicable approvals and law.

The Distributor must perform its obligations under the Supply and Distribution Agreement in accordance with any applicable laws or directions of any relevant authority.

(iii) The Company's obligations

Amongst other things, on receipt of an order for products from the Distributor, the Company shall, within 2 business days, advise the Distributor if the amount of products ordered cannot be filled as requested.

The Company does not make any guarantees in respect of whether it will be able to deliver any products ordered by the Distributor.

(g) Pharmacy Supply Agreement

The Company has entered into a supply agreement with Oxford Compounding Pty Ltd (ACN 610 162 626) (**Oxford**) (**Pharmacy Supply Agreement**) pursuant to which LGP supplies and delivers to Oxford its medicinal cannabis products when and if Oxford orders those products.

(i) Term and termination

(A) The Pharmacy Supply Agreement continues until it is terminated.

(B) It can be terminated for convenience by either party by giving the other party 3 months' written notice.

(C) If Oxford breaches any of its obligations or suffers an insolvency event, then the Company can, amongst other things, suspend all current and future deliveries of goods (as that term is defined in the Pharmacy Supply Agreement) until the breach is rectified and any outstanding invoices are paid, or terminate any contracts for delivery of goods under the Pharmacy Supply Agreement.

(ii) Purchase orders

(A) Oxford may order goods from the Company by submitting a purchase order (the form of which is at the discretion of the Company). Once submitted, a purchase order cannot be cancelled or the delivery date for the goods changed without the Company's consent.

(B) Each purchase order submitted by Oxford comprises a separate offer, all or part of which the Company may accept or reject in its absolute discretion. The Company is not bound by a purchase order unless and until it accepts the purchase order.

(iii) Services provided by Oxford under the Pharmacy Supply Agreement

Amongst other things, Oxford agrees to diligently:

(A) liaise with patients and their healthcare providers and provide advice in relation to the sale, dispensation, use and dosing of the goods supplied under the Pharmacy Supply Agreement; and

(B) facilitate delivery of goods supplied under the Pharmacy Supply Agreement to patients anywhere in Australia.

(h) CannMart Agreement

LGP has entered into a binding supply agreement with CannMart pursuant to which, subject to the satisfaction of certain conditions (including the parties obtaining all requisite licences), LGP will supply and deliver to CannMart its medicinal cannabis products 50 x 50 mL bottles of its 10:10 cannabis oil product (the active ingredients of which are 10mg/mL THC and 10 mg/mL CDB).

(i) Kariki Agreement

LGP has entered into a binding agreement with Kariki Pharma (**Kariki Agreement**) pursuant to which and subject to the satisfaction of certain conditions (including the parties obtaining all requisite licences), LGP will:

(i) appoint Kariki Pharma as its sole and exclusive distributor in New Zealand in respect of the Company's products for a period of 12 months from 25 March 2019; and

(ii) supply and deliver to Kariki Pharma 70 bottles of LGP Classic 10:10 over a 12-month period.

11. Additional Information

11.5 Non-binding arrangements

Summaries of non-binding arrangements to which the Company is a party in respect of the supply of the Company's medicinal cannabis products are detailed below.

(a) CC Pharma Term Sheet

The Company has entered into the CC Pharma Term Sheet which records the intention of LGP and CC Pharma to enter into a formal and binding agreement for the supply and purchase of LGP's medicinal cannabis products.

(i) Conditions Precedent

The CC Pharma Term Sheet (and any formal agreement entered into by the Company and CC Pharma in accordance with the CC Pharm Term Sheet) is subject to, among other things:

(A) LGP obtaining approvals to supply its medicinal cannabis products into Germany and LGP completing its current operations expansion; and

(B) CC Pharma obtaining all approvals required to import, store, handle and distribute LGP's medicinal cannabis products in Germany.

At the date of this Prospectus these conditions precedent have not been satisfied or waived, and, accordingly, either LGP or CC Pharma may terminate the CC Pharma Term Sheet by giving the other party written notice.

(ii) Term

The term of the CC Term Sheet begins on the execution of the CC Term Sheet and continues until the end of the "offtake period".

The "offtake period" is defined as the period beginning in the month after all conditions precedent are satisfied or waived and continues for the balance of 2019 and then for a further period of 3 calendar years.

(iii) Products to be supplied

The products that are the subject of the CC Term Sheet are:

(A) cannabis oil 10:10 in 50mL bottles;

(B) cannabis oil 20:5 in 50mL bottles;

(C) cannabis flower strain high THC; and

(D) cannabis flower strain balanced THC and CBD.

(b) Demecan Term Sheet

The Company has entered into the Demecan Term Sheet which records the intention of LGP and Demecan to enter into a formal and binding agreement for the supply and purchase of LGP's medicinal cannabis products.

(i) Conditions Precedent

The Demecan Term Sheet (and any formal agreement entered into by the Company and Demecan in accordance with the Demecan Term Sheet) is subject to, among other things:

(A) LGP obtaining approvals to supply its medicinal cannabis products into Germany and LGP completing its current operations expansion;

(B) Demecan obtaining all approvals required to import, store, handle and distribute LGP's medicinal cannabis products in Germany; and

(C) LGP and Demecan entering into a formal agreement.

(ii) Term

The term of the Demecan Term Sheet terminates upon the execution of a formal agreement by the parties.

The term of the formal agreement shall be a term of 5 years from the date on which the first goods supplied under the formal agreement are delivered to Demecan.

(iii) Products to be supplied

The products that are the subject of the Demecan Term Sheet are:

(A) cannabis oil 10:10 in 50mL bottles;

(B) cannabis oil 20:5 in 50mL bottles;

(C) cannabis oil with THC content >20mg/mL and CBD content <1mg/ml in 50 mL bottles;

(D) cannabis flower strain LGP5; and

(E) cannabis flower with THC content >15% and CBD content <1%.

(c) Cansativa LOI

The Company has entered into the Cansativa LOI which records the intention of LGP and Cansativa to enter into a formal and binding import and distribution services agreement in respect of LGP's medicinal cannabis products on a non-exclusive basis. The Cansativa LOI contemplates that the final and binding arrangements between Cansativa and the Company shall at least comprise (i) a commercial agreement setting out the commercial and legal terms governing the importation and distribution arrangements between the parties, and (ii) a quality agreement setting out customary terms for ensuring GMP compliance, including, in particular, a clear and separately signed agreement on the delimitation of responsibilities between the parties.

11.6 Rights attaching to Shares

A summary of the rights attaching to the Shares under the Offer is detailed below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy or attorney to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

(i) each Shareholder entitled to vote may vote in person or by proxy or attorney;

(ii) on a show of hands, every person present who is a Shareholder or a representative of a Shareholder has one vote; and

(iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

(c) Dividend rights

The Directors alone may declare a dividend to be paid to shareholders. The dividend is payable at a time determined in the Directors' discretion. No dividend may be declared or paid except as allowed by the Corporations Act. No interest is payable in respect of unpaid dividends. The Directors may set aside from the Company's profit any amount that they consider appropriate. This amount may be used in any way that profits can be used and can be invested or used in the Company's business in the interim.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for the purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is liability.

(e) Shareholder liability

As the Shares to be issued under the Offers contained in this Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

(g) Variation of rights

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

11.7 Terms and Conditions of Existing Options and Adviser Options

The Company has 10,850,000 options on issue (**Existing Options**). Separately, the Company has issued 4,073,536 Options in accordance with a mandate with the Lead Manager (**Adviser Options**). The Existing Options and Adviser Options are subject to the following terms and conditions.

(a) Entitlement

Each Existing Option and Adviser Option entitles the holder to subscribe for one Share upon exercise of the Existing Option or Adviser Option, as applicable.

(b) Exercise Price

The exercise price for each of the Existing Options is $0.30.

The exercise price for the Adviser Options is as follows:

(i) 2,036,768 Adviser Options have an exercise price of $0.42 each; and

(ii) 2,036,768 Adviser Options will have an exercise price of $0.48 each.

(c) Expiry Date

The Existing Options and Adviser Options have the following expiry dates (each an **Expiry Date**):

(i) 500,000 Existing Options will expire at 5.00pm on 31 July 2020;

(ii) 2,850,000 Existing Options will expire at 5.00pm on 31 December 2020;

(iii) 4,000,000 Existing Options will expire at 5.00pm on 31 January 2021;

(iv) 3,500,000 Existing Options will expire at 5.00pm on 28 February 2022; and

(v) each of the Adviser Options will expire at 5.00pm on 31 July 2022.

Any Existing Options or Adviser Options not exercised before their respective Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Existing Options and Adviser Options are exercisable at any time on or prior to their respective Expiry Dates (**Exercise Period**).

(e) Notice of Exercise

The Existing Options and Adviser Options may be exercised during their respective Exercise Periods by notice in writing to the Company (**Notice of Exercise**) and payment of the relevant Exercise Price for each Existing Option or Adviser Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the relevant Exercise Price being exercised in cleared funds.

(g) Timing of Issue of the Shares on Exercise

Within 15 business days after the later of the following:

(i) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for the Existing Option or Adviser Option being exercised; and

(ii) when excluded information in respect of the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information. If there is no such information, the relevant date will be the date of receipt of a Notice of Exercise as detailed above,

the Company will:

(iii) allot and issue the Shares pursuant to the exercise of the Existing Option or Adviser Option;

(iv) as soon as reasonably practicable and if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(v) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Existing Options.

(h) Shares Issued on Exercise

Shares issued on exercise of Existing Options and Adviser Options rank equally with the then issued shares of the Company.

(i) Quotation of the Shares Issued on Exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Existing Options or the Adviser Options.

(j) Reconstruction of Capital

If at any time the issued capital of the Company is reconstructed, all rights of holders of Existing Options or Adviser Options are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(k) Participation in New Issues

There are no participation rights or entitlements inherent in the Existing Options or the Adviser Options and holders will not be entitled to participate in new issues of capital offered to the Company's shareholders during the currency of the Existing Options and Adviser Options on the basis of those Options.

(l) Adjustment for Bonus Issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

(i) the number of Shares which must be issued on the exercise of an Existing Option or Adviser Option will be increased by the number of Shares which the holder would have received if the Existing Options or Adviser Options held by the holder had been exercised before the record date for the bonus issue; and

(ii) no change will be made to the relevant Exercise Price.

(m) Adjustment for Rights Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) Exercise Prices will be reduced according to the following formula in Listing Rule 6.22 so that holders of Existing Options and Adviser Options do not suffer any detriment as a result of the pro rata issue.

(n) Unquoted

The Company will not apply for quotation of the Existing Options or the Adviser Options on ASX unless the Board resolves otherwise.

(o) Transferability

The Existing Options are fully transferable with the prior written approval of the Company and such approval will not be unreasonably withheld.

The Adviser Options are freely transferable subject to compliance with the Corporations Act and the Listing Rules.

11.8 Terms and Conditions of Existing Performance Rights

At the date of this Prospectus the Company has 1,000,000 Performance Rights on issue (**Existing Performance Rights**). The Existing Performance Rights are subject to the following terms and conditions.

(a) Exercise Price, Expiry Date and Vesting Conditions

(i) The amount payable upon exercise of each Existing Performance Right is nil.

(ii) The Existing Performance Rights expire at 5.00pm on 19 September 2020. For the avoidance of doubt any vested but unexercised Existing Performance Rights will automatically expire on the Expiry Date.

(iii) The vesting of each Existing Performance Right will occur in accordance with paragraph 11.8(b).

(b) Vesting

The Existing Performance Rights vest on the date that the Company achieves a market capitalisation of $100 million (provided that date is before 19 September 2020) and, subject to the Performance Right holder remaining an employee or Director of the Company (unless the Board resolves otherwise).

The Company will notify the holder in writing within 14 days of becoming aware that a Performance Right has vested.

(c) Conversion

Upon vesting, each Existing Performance Right will, at the holder's election, convert into one Share free of encumbrances. The holder must apply to exercise his or her Existing Performance Rights upon or after vesting but prior to 19 September 2020 by filling out a notice of exercise in a prescribed form.

(d) Transfer

The Performance Rights are not transferable.

(e) Participation in entitlements and bonus issues

Subject always to the rights under paragraphs 11.8(f)and 11.8(g), holders of Existing Performance Rights will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(f) Adjustment for bonus issue

If securities are issued pro-rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends by way of dividend reinvestment), the number of Existing Performance Rights to which holders of Existing Performance Rights are entitled will be increased by that number of securities which the holder would have been entitled if the Existing Performance Rights held by the holder were vested immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Corporations Act and the Listing Rules at the time of the bonus issue.

(g) Reorganisation of capital

In the event that the issued capital of the Company is reconstructed, all the holder's rights as a holder of Existing Performance Rights will be changed to the extent necessary to comply with the Listing Rules and Corporations Act at the time of reorganisation provided that, subject to compliance with the Listing Rules and Corporations Act, following such reorganisation the holder's economic and other rights are not diminished or terminated.

(h) Dividend and voting rights

The Existing Performance Rights do not confer on the holder an entitlement to vote or receive dividends.

(i) Return of capital rights

The Existing Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(j) Rights on winding up

The Existing Performance Rights have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.

(k) Change in control

Upon:

(i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:

  (A) having received acceptances for not less than 50.1% of the Company's shares on issue; and

  (B) having been declared unconditional by the bidder; or

(ii) a court of competent jurisdiction granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then:

(iii) any unvested Existing Performance Rights will automatically vest; and

(iv) to the extent any Existing Performance Rights have not been converted into Shares following satisfaction of the relevant milestone, the Existing Performance Rights will automatically convert to that number of Shares which when issued together with all Shares issued under any other class of Performance Rights then on issue in the Company, is equal to the lesser of one Share per Performance Right and 10% of the total Shares on issue at that time. Existing Performance Rights that are not converted into Shares will continue to be held by the holder on the same terms and conditions.

(l) Issue of Shares

The Shares to which the holder is entitled on exercise of an Existing Performance Right will be issued, free of encumbrances, to the holder within 10 Business days of the date of the exercise of notice in respect of the relevant Performance Right. All Shares issued upon the vesting of Existing Performance Rights will upon issue rank pari passu in all respects with other Shares. For the avoidance of doubt, the holder will, from and including the issue date of any Shares, be the legal owner of the Shares and will be entitled to dividends and to exercise voting rights attached to the Shares. The Company will bear all costs and expenses associated with the issue of Shares in accordance pursuant to these terms and conditions.

(m) Quotation

The Existing Performance Rights will not be quoted.

(n) Quotation of Shares on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of Existing Performance Rights in accordance with the Listing Rules.

(o) Timing of issue of Shares

As soon as practicable after the issue of a notice of exercise in respect of an Existing Performance Right by the holder, the Company will:

(i) issue, allocate or cause to be transferred to the holder (or its nominees) the number of Shares to which the holder (or its nominees) is entitled;

(ii) issue a substitute Certificate for any remaining unexercised Performance Rights held by the holder (or its nominees); and

(iii) if required and subject to paragraph 11.8(p), give ASX a notice that complies with section 708A(5)(e) of the Corporations Act.

(p) Restrictions on transfer of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of Existing Performance Rights may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(q) Variation to terms and conditions

The Directors may change the terms of the Existing Performance Rights within reason where a variation is required to comply with the Corporations Act or the Listing Rules.

11.9 Terms and Conditions of Management Performance Rights

(a) Exercise Price, Expiry Date and Vesting Conditions

(i) The amount payable upon exercise of each Management Performance Right will be nil (Exercise Price).

(ii) Each Management Performance Right will expire at 5.00pm on the applicable date specified in the following table (Expiry Date).

(iii) The vesting of each Management Performance Right will occur in accordance with paragraph 11.9(b), subject to the satisfaction of the applicable milestone condition (Milestone) occurring within the milestone period (Milestone Period), as specified below:

Class	Number of Performance Rights	Milestone	Milestone Period	Expiry Date
C	2,000,000	Upon the Company's 20-Day VWAP equalling or exceeding $0.55 during the Milestone Period	3 years from the date of issue	5 years from the date of issue
D	2,000,000	Upon the Company's 20-Day VWAP equalling or exceeding $0.65 during the Milestone Period	3 years from the date of issue	5 years from the date of issue
E	2,000,000	Upon the Company's 20-Day VWAP equalling or exceeding $0.75 during the Milestone Period	3 years from the date of issue	5 years from the date of issue
Total	**6,000,000**			

(b) Vesting

The Management Performance Rights vest in equal tranches on the date of satisfaction, the first anniversary of satisfaction and second anniversary of satisfaction of the relevant Milestone, subject to the Management Performance Right holder remaining an employee or Director of the Company at the relevant anniversary (unless the Board resolves otherwise), as follows:

(i) 666,666 upon the satisfaction of the relevant Milestone;

(ii) 666,667 upon the date that is 12 months after the date the relevant Milestone is satisfied; and

(iii) 666,667 upon the date that is 24 months after the date the relevant Milestone.

The Company will notify the holder in writing within 14 days of becoming aware that a Management Performance Right has vested.

(c) Conversion

Upon vesting, each Management Performance Right will, at the holder's election, convert into one Share free of encumbrances. The holder must apply to exercise Management Performance Rights upon or after vesting but prior to the Expiry Date by filling out a notice of exercise form (**Notice of Exercise**).

(d) Expiry Date

The Management Performance Rights will automatically expire on the Expiry Date.

For the avoidance of doubt any vested but unexercised Management Performance Rights will automatically expire on the Expiry Date.

(e) Transfer

The Management Performance Rights are not transferable.

(f) Participation in entitlements and bonus issues

Subject always to the rights under paragraphs 11.9(g) and 11.9(h), holders of Management Performance Rights will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(g) Adjustment for bonus issue

If securities are issued pro-rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends by way of dividend reinvestment), the number of Management Performance Rights to which holders of Management Performance Rights are entitled will be increased by that number of securities which the holder would have been entitled if the Management Performance Rights held by the holder were vested immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Corporations Act and the Listing Rules at the time of the bonus issue.

(h) Reorganisation of capital

In the event that the issued capital of the Company is reconstructed, all the holder's rights as a holder of Management Performance Rights will be changed to the extent necessary to comply with the Listing Rules and Corporations Act at the time of reorganisation provided that, subject to compliance with the Listing Rules and Corporations Act, following such reorganisation the holder's economic and other rights are not diminished or terminated.

(i) Dividend and voting rights

The Management Performance Rights do not confer on the holder an entitlement to vote or receive dividends.

(j) Return of capital rights

The Management Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(k) Rights on winding up

The Management Performance Rights have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.

(l) Change in control

Upon:

(i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:

  (A) having received acceptances for not less than 50.1% of the Company's shares on issue; and

  (B) having been declared unconditional by the bidder; or

(ii) a court of competent jurisdiction granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then:

(iii) any unvested Management Performance Rights will automatically vest; and

(iv) to the extent Management Performance Rights have not been converted into Shares following satisfaction of the Management Performance Rights Milestone, Management Performance Rights will automatically convert to that number of Shares which when issued together with all Shares issued under any other class of Management Performance Rights then on issue in the Company, is equal to the lesser of one Share per Management Performance Right and 10% of the total Shares on issue at that time. Management Performance Rights that are not converted into Shares will continue to be held by the holder on the same terms and conditions.

(m) Issue of Shares

The Shares to which the holder is entitled on exercise of the Management Performance Right will be issued, free of encumbrances, to the holder within 10 Business days of the date of the exercise of notice in respect of the relevant Management Performance Right. All Shares issued upon the vesting of Management Performance Rights will upon issue rank pari passu in all respects with other Shares. For the avoidance of doubt, the holder will, from and including the issue date of any Shares, be the legal owner of the Shares and will be entitled to dividends and to exercise voting rights attached to the Shares. The Company will bear all costs and expenses associated with the issue of Shares in accordance pursuant to these terms and conditions.

(n) Quotation

The Management Performance Rights will not be quoted.

(o) Quotation of Shares on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Management Performance Rights in accordance with the Listing Rules.

(p) Timing of issue of Shares

As soon as practicable after the issue of a Notice of Exercise by the holder, the Company will:

(i) issue, allocate or cause to be transferred to the holder (or its nominees) the number of Shares to which the holder (or its nominees) is entitled;

(ii) issue a substitute Certificate for any remaining unexercised Management Performance Rights held by the holder (or its nominees); and

(iii) if required and subject to paragraph 11.9(q), give ASX a notice that complies with section 708A(5)(e) of the Corporations Act.

(q) Restrictions on transfer of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of the Management Performance Rights may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(r) Variation to terms and conditions

The Directors may change the terms of the Management Performance Rights within reason where a variation is required to comply with the Corporations Act or the Listing Rules.

11.10 Employee Incentive Plan

The Company has adopted the Employee Incentive Plan which has been designed to align the Company's employees' interest with those of its shareholders. This is achieved by making offers of Employee Incentives to reward and retain certain employees and consultants of the Company, and to attract future talent.

(a) Offers to Eligible Participants

To achieve the abovementioned objectives of rewarding, retaining and attracting employees and consultants, the Employee Incentives granted under the Employee Incentive Plan may be subject to performance criteria or time-based exercise conditions as determined by the Board, in its sole and absolute discretion.

Under the Employee Incentive Plan, the Company may offer Plan Shares or:

(i) performance rights to acquire one or more Shares by transfer or allotment upon the satisfaction of prescribed conditions;

(ii) performance shares convertible into a Shares upon achievement of a relevant performance hurdle; or

(iii) options granted under these Rules to acquire one or more Shares by transfer or allotment,

(together, **Plan Convertible Securities**) to certain employees and consultants of the Company.

The terms and conditions of Plan Shares and Plan Convertible Securities are outlined below.

(i) Offer

Written offers of Employee Incentives can be made by the Board, in its absolute discretion, to Eligible Participants (defined below). The terms and conditions of such offers will be detailed in the written offers made to Eligible Participants and the Employee Incentive Plan.

(ii) Eligibility

Under the Employee Incentive Plan, the following will be **Eligible Participants**:

(A) an "eligible participant" (as that term is defined in ASIC Class Order 14/1000) in relation to the Company; and

(B) persons determined by the Board to be eligible to participate in the Employee Incentive Plan from time to time.

(iii) Maximum allocation

The Company must not make an offer of securities under the Employee Incentive Plan where the total number of Plan Shares that may be issued, or acquired upon exercise of Plan Convertible Securities offered, when aggregated with the number of Shares issued or that may be issued as a result of offers made under the Employee Incentive Plan at any time during the previous 3 year period would exceed 5% of the total number of Shares on issue at the date of the offer.

(iv) Advances

The Company may make an advance to an Eligible Participant to assist the Eligible Participant to acquire securities under the Employee Incentive Plan. Any such advance will be documented in a loan agreement. Upon acceptance of an advance, the Eligible Participant shall be bound by the terms of the loan agreement and the Eligible Participant will be taken to have irrevocably directed the Company to apply the advance to the payment of the amount payable for the grant of each of the applicable securities.

(b) Invitation

Following determination that an Eligible Participant may participate in the Employee Incentive Plan, the Board may at any time and from time to time make an invitation to that Eligible Participant (**Invitation**).

An Invitation to apply for securities under the Employee Incentive Plan may be made on such terms and conditions as the Board decides from time to time, including as to:

(i) the number of securities for which that Eligible Participant may apply;

(ii) the date that the securities will be granted;

(iii) the amount payable (if any) for the grant of each security or how such amount is calculated;

(iv) the advance (if any) offered to the Eligible Participant to assist the Eligible Participant to acquire the securities;

(v) the exercise price (if relevant);

(vi) the vesting conditions (if relevant);

(vii) disposal restrictions attaching to the Plan Shares (if any);

(viii) whether cashless exercise of the offered securities is permitted;

(ix) the method by which Plan Shares will be delivered to the Eligible Participant after the valid exercise of the Convertible Security (if relevant); and

(x) any other terms and conditions.

(c) Terms of Shares

Shares issued under the Employee Incentive Plan will be issued on the same terms as outlined in Section 11.6. Plan Shares may be subject to restrictions as to the disposal or other dealing for a period at the discretion of the Board. Further, the Board may implement any procedure it deems appropriate to ensure the compliance by the Eligible Participant with such restriction, including but not limited to imposing a holding lock (where applicable) on the Plan Shares or using an employee share trust to hold the Plan Shares during a restriction period.

(d) Terms of Plan Convertible Securities

The terms of the Plan Convertible Securities are outlined below.

(i) Exercise Price and Expiry Date

If relevant, the Invitation made to each Eligible Participant will set out any exercise price and expiry date relevant to the Plan Convertible Securities being issued.

(ii) Vesting Conditions and Exercise Period

The Board may issue Plan Convertible Securities to Eligible Participants with vesting conditions attached to them. Such Vesting Conditions may include performance criteria or time-based exercise conditions.

Any vesting conditions attached to Plan Convertible Securities will be detailed in the Invitation.

(iii) Shares issued on exercise

Any shares issued to the holder of a Plan Convertible Securities upon the exercise of their Plan Convertible Securities will rank equally with the other Shares of the Company. Such Shares will be issued as fully-paid and free of all encumbrances, liens and third party interests.

(iv) Participation in new issues, voting rights and dividends

An Eligible Participant is not entitled to:

(A) notice of, or to vote or attend at, a meeting of the shareholders of the Company; or

(B) receive any dividends declared by the Company,

by virtue of holding a Plan Convertible Security.

(v) Adjustment for rights issue

Unless otherwise determined by the Board, a holder of Plan Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

(vi) Adjustment for bonus issues of Shares

If Shares are issued by the Company pro rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), a holder of Plan Convertible Securities is entitled, upon exercise of the Plan Convertible Securities, to receive, in addition to the Shares in respect of which the Plan Convertible Securities are exercised and without the payment of any further consideration, an allotment of as many additional Shares as would have been issued to a shareholder who, on the date for determining entitlements under the bonus issue, held Shares equal in number to the Shares in respect of which the Plan Convertible Securities are exercised.

(vii) Adjustment for reorganisation

If the Company undertakes a reorganisation of its issued share capital, the rights of each holder of Plan Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

(e) Forfeiture of Plan Convertible Securities

Where a holder of Plan Convertible Securities ceases to be an Eligible Participant by reason of retirement, permanent disability, mental incapacity, redundancy or death, or on any other basis as determined by the Board, thereby becoming a "good leaver", the Board, in its absolute discretion, will determine the amount of any unvested Plan Convertible Securities will vest (if any) in the holder of the Plan Convertible Securities.

If a holder of Plan Convertible Securities ceases to be an Eligible Participant for any other reason, all unvested Plan Convertible Securities will automatically be forfeited by the holder.

(f) Change of Control

Notwithstanding any other provisions of the Employee Incentive Plan, if an event occurs such that:

(i) a change in control of the Company;

(ii) where the Company's shareholders approve any compromise or arrangement for the purpose of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other body corporate or bodies corporate (other than a scheme that does not involve a change in the ultimate beneficial ownership of the Company), which will, upon becoming effective, result in any person owning more than 50% of the Shares on issue;

(iii) where a person becomes the legal or the beneficial owner of, or has a Relevant Interest in, more than 50% of the Shares on issue;

(iv) where a person becomes entitled to acquire, hold or has an equitable interest in more than 50% of the Shares on issue; or

(v) where a takeover bid is made to acquire more than 50% of the Shares on issue (or such lesser number of Shares that when combined with the Shares that the bidder already owns will amount to more than 50% of the Shares on issue and such takeover bid becomes unconditional and the bidder has a Relevant Interest in more than 50% of the Shares on issue,

or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Plan Convertible Securities on issue will be dealt with, including, without limitation, in a manner that allows the holders of Plan Convertible Securities to participate in and/or benefit from any transaction arising from or in connection with the event in question.

(g) Non-Transferable and No Quotation

Plan Convertible Securities are unquoted securities and may not be sold, transferred, assigned or novated except with the prior approval of the Board.

(h) Termination, Suspension or Amendment

The Board may terminate, suspend or amend the Employee Incentive Plan at any time subject to any resolution of the Company required by the Listing Rules.

As at the date of this Prospectus, the Company has not issued any securities under the Employee Incentive Plan. However, following Admission, the Company intends to issue Plan Shares to certain employees and consultants, the terms of the Plan Shares to be determined by the Board.

11.11 Ownership Restrictions

The sale and purchase of Shares in Australia are regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 11.11 contains a general description of these laws.

(a) *Foreign Acquisitions and Takeovers Act 1975* (Cth) and Commonwealth Government Foreign Investment Policy

Generally, the *Foreign Acquisitions and Takeovers Act 1975* (Cth) applies to acquisitions of shares and voting power in a company of 20% or more by a single foreign person and its associates (**Substantial Interest**), or 40% or more by two or more unassociated foreign persons and their associates (**Aggregate Substantial Interest**).

Where a proposed acquisition of a Substantial Interest or Aggregate Substantial Interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Commonwealth Treasurer and the Commonwealth Treasurer has either stated that there is no objection to the proposed acquisition in terms of Australia's Foreign Investment Policy or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a Substantial Interest or an Aggregate Substantial Interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, have passed.

In addition, in accordance with Australia's Foreign Investment Policy, proposed acquisitions of a direct investment in an Australian company by foreign government investors and their associates must be notified to the Foreign Investment Review Board for prior approval, irrespective of the value of the investment. According to Australia's Foreign Investment Policy, a direct investment will typically include any investment of 10% or more of the shares (or other securities or equivalent interest or voting power) in an Australian company but may also include investment of less than 10% where the investor is building a strategic stake in the target or obtains potential influence or control over the target.

(b) Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of Relevant Interests in issued voting shares in listed companies, and unlisted companies with more than 50 members, if, as a result of the acquisition, the acquirer's (or another party's) voting power in that company would increase from 20% or below to more than 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company either themselves or together with their associates.

11.12 Selling Restrictions

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

(a) New Zealand

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (**FMC Act**). The Securities are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

(i) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;

(ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;

(iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;

(iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or

(v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

11. Additional Information

(b) United States

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, Securities in the United States. Any Securities described in this document have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

(c) Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

(d) Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

(e) United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

11.13 Restricted Securities

Chapter 9 of the Listing Rules prohibits holders of Restricted Securities from or agreeing to disposing of those securities or an interest in those securities for the relevant restriction periods.

None of the Shares issued pursuant to the Offer will be subject to any ASX imposed escrow restrictions. However, ASX may determine that certain Shares on issue prior to the Offer may be classified as restricted securities and may be required to be held in escrow for up to 24 months from the date of Admission. During the period in which these Shares (if any) are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner. The Company will announce to the ASX full details (quantity and duration) of the Shares (if any) required to be held in escrow prior to the Shares commencing trading on ASX.

The following table shows the number of Shares subject to voluntary escrow arrangements and the number of Shares expected to be subject to ASX imposed restrictions.

Shares subject to ASX Imposed restrictions[1] (24 months post listing)	Shares subject to ASX Imposed restrictions[1] (12 months from date of issue)	Shares subject to Voluntary Escrow[2] (6 months post listing)	Total Shares subject to restriction or escrow
57,324,721	10,806,717	12,816,627	80,948,065

1. The total number of Shares subject to ASX imposed restrictions will be announced prior to the Shares commencing trading on ASX.
2. The total number of Shares subject to voluntary escrow arrangements will be announced prior to the Shares commencing trading on ASX.

Pursuant to the above, the total number of 80,948,065 Shares that are expected to be subject to either voluntary or ASX imposed escrow restrictions represents approximately 66.2% of the Shares on Admission (assuming Minimum Subscription).

As indicated in the above table, certain Shareholders have entered into voluntary escrow arrangements in addition to the ASX imposed mandatory restriction periods by entering into voluntary escrow deeds with the Company (**Voluntary Escrow Deeds**).

The restriction on 'disposing' is in the Voluntary Escrow Deeds is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any legal, beneficial or economic interest in the Shares, encumbering or granting a security interest over the Shares (to the extent permitted by the deed as outlined in this Section 11.13), doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Shares or agreeing to do any of those things.

These Shareholders who have entered into Voluntary Escrow Deed may be released early from these escrow obligations contemplated by those deeds to enable, in summary:

These Shareholders may be released early from these escrow obligations to enable, in summary:

(a) the Shareholder to accept an offer under a takeover bid in relation to its escrowed Shares if holders of at least half of the Shares the subject of the bid that are not held by the Shareholders have accepted the takeover bid; or

(b) the escrowed Shares to be transferred or cancelled as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act.

During the voluntary escrow period, Shareholders whose Shares remain subject to escrow may dispose of any of their escrowed Shares to the extent the disposal is required by applicable law (including an order of a court of competent jurisdiction) or to the extent the disposal is to an affiliate or affiliated fund entity or to a trust or entity which the Shareholder controls where the transferee also enters into an escrow arrangement with the Company on substantially the same terms.

11. Additional Information

11.14 Interests of Directors

No Director (or entity in which they are a Director and/or a shareholder) has, or has had in the two years before the date of this Prospectus, any interests in:

(a) the formation or promotion of the Company; or

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or

(c) the Offer, and

(d) no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

(i) any Director to induce him or her to become, or to qualify as, a Director; or

(ii) any Director for services which he or she (or an entity in which they are a partner or Director) has provided in connection with the formation or promotion of the Company or the Offer,

except as disclosed in this Prospectus.

11.15 Director Holdings

The Directors and their related entities have the following interests in Securities as at the date of this Prospectus:

Director	Shares	Options	Performance Rights
Michael David Lynch-Bell	350,000	Nil	Nil
Fleta Solomon	19,600,000	Nil	Nil
Angus Caithness	4,000,000[1]	3,500,000[2]	2,500,000[3,4]
Neale William Fong	800,000	Nil	Nil

1. Excludes an additional 176,833 Shares to be issued to Mr Angus Caithness as a result of the conversion of existing Convertible Notes.
2. Each with an exercise price of $0.30 and expiring on 28 February 2022. Refer to Section 11.7 for further details.
3. 1,500,000 Performance Rights issued to Mr Angus Caithness will convert to shares on Admission.
4. 1,000,000 Performance Rights have been issued to Mr Angus Caithness. Refer to Section 11.8 for further details.

Based on the intentions of the Directors at the date of this Prospectus in relation to the Offer, the Directors and their related entities will have the following interests in Securities on Admission:

Director	Shares	Options	Performance Rights
Michael David Lynch-Bell	600,000[1]	Nil	Nil
Fleta Solomon	19,600,000	Nil	1,500,000[5]
Angus Caithness	5,676,833[2]	3,500,000[3]	2,500,000[4,5]
Neale William Fong	925,000[1]	Nil	Nil

1. As at the date of this Prospectus, it is proposed that 250,000 Shares will be issued to Mr Michael Lynch-Bell and 125,000 Shares will be issued to Dr Neale Fong, subject to Shareholder approval prior to Admission.
2. Mr Angus Caithness will be issued an additional 176,833 Shares as a result of the conversion of existing Convertible Notes.
3. Each with an exercise price of $0.30 and expiring on 28 February 2022. Refer to Section 11.7 for further details.
4. 1,000,000 Performance Rights have been issued to Mr Angus Caithness. Refer to Section 11.8 for further details.
5. As at the date of this Prospectus, it is proposed that 1,500,000 Management Performance Rights will be issued to Ms Fleta Solomon and Mr Angus Caithness, each, subject to Shareholder approval, prior to Admission. Refer to Section 11.9 for further details.

11.16 Remuneration of Directors

The total remuneration packages exclusive of superannuation benefits for the current Directors are as follows:

	Financial Year
Michael David Lynch-Bell	$120,000
Fleta Solomon	$295,000
Angus Caithness	$260,000
Neale William Fong	$60,000

In addition, the Directors will receive the following payments and Shares upon Admission:

- Fleta Solomon – $100,000
- Angus Caithness – $100,000
- Michael Lynch-Bell – 250,000 Shares, subject to Shareholder approval
- Neale Fong – 125,000 Shares, subject to Shareholder approval

11.17 Interests of Promoters, Experts and Advisers

No promoter or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus (or entity in which they are a partner or Director) holds, has, or has had in the two years before the date of this Prospectus, any interest in:

(a) the formation or promotion of the Company;

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be paid to a promoter or any person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or Director), provided in connection with the formation or promotion of the Company or the Offer, except as follows and as disclosed in this Prospectus:

(a) Canaccord Genuity (Australia) Limited has acted as lead manager for the Company and has received or will receive payment for its services from the Company under the Lead Manager Mandates;

(b) Deloitte Corporate Finance Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which has been included in Section 5. The Company has paid, or has agreed to pay, the Investigating Accountant approximately $47,000 (excluding disbursements and GST) for these services up until the date of this Prospectus. Further amounts may be paid to the Investigating Accountant under time-based charges;

(c) Deloitte Touche Tohmatsu has acted as auditor of the Company and prepared the audited financial statements of the Company for the periods ended 30 June 2019, 30 June 2018 and 30 June 2017. The Company has paid, or has agreed to pay an amount of approximately $58,000 (excluding disbursements and GST) for these services up until the date of this Prospectus. Further amounts may be paid to Deloitte Touche Tohmatsu under time-based charges;

(d) Watermark has prepared the Intellectual Property Report which has been included in Section 8. The Company has paid or agreed to pay an amount of approximately $6,000 (excluding disbursements and GST) in respect of the Intellectual Property Report up until the date of this Prospectus;

(e) DLA Piper Australia has acted as legal adviser to the Company in relation to the Offer. The Company has paid or agreed to pay an amount of approximately $140,000 (excluding disbursements and GST) in respect of these services up until the date of this Prospectus. Further amounts may be paid to DLA Piper Australia in accordance with its normal time-based charges;

(f) Frost and Sullivan has prepared the market report which has been included in Section 2. The Company has paid or agreed to pay an amount of approximately $40,000 (excluding disbursements and GST) in respect of the market report up until the date of this Prospectus;

11. Additional Information

(g) HWL Ebsworth Lawyers has prepared the Legal Opinion which has been included in Section 9. The Company has paid or agreed to pay an amount of approximately $20,000 (excluding disbursements and GST) in respect of these services up until the date of this Prospectus. Further amounts may be paid to HWL Ebsworth Lawyers in accordance with its normal time-based charges; and

(h) Computershare Investor Services Pty Ltd is the Company's share registry, and will be paid for these services on standard industry terms and conditions.

11.18 Related Party Transactions

As at the date of this Prospectus, no material transactions with related parties and Directors' interests exist other than those disclosed in the Prospectus.

11.19 Expenses of Offer

	Estimated expenses (Minimum Subscription)	Estimated expenses (Maximum Subscription)
Legal advisors	$166,000	$166,000
Lead Manager	$300,000	$600,000
Auditor and Investigating Accountant	$47,000	$47,000
Frost & Sullivan	$40,000	$40,000
ASIC and ASX fees	$83,000	$88,000
Share Registry	$7,000	$7,000
Miscellaneous	$31,000	$31,000
TOTAL	**$674,000**	**$979,000**

11.20 Effect of the Offer on control and substantial Shareholders

Those Shareholders holding an interest in 5% or more of the Shares on issue as at the date of this Prospectus are as follows:

Name	Number of Shares	Percentage of Shares
Elixxer Limited	28,133,495	38.1%
Fleta Solomon	19,600,000	26.5%
Angus Caithness	4,000,000	5.4%

Based on the information known as at the date of this Prospectus, on Admission, the following persons will have an interest in 5% or more of the Shares on issue:

Name	Number of Shares	Percentage of Shares (Minimum Subscription)	Percentage of Shares (Maximum Subscription)
Elixxer Limited	30,816,548[1]	25.2%	23.1%
Fleta Solomon	19,600,000	16.0%	14.7%

1. Includes shares issued on conversion of Convertible Notes.

11.21 Continuous Disclosure Obligations

Following Admission, the Company will be a "disclosing entity" (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose to the market any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Shares (unless a relevant exception to disclosure applies). Price sensitive information will be publicly released through ASX before it is otherwise disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to ASX. In addition, the Company will post this information on its website after ASX confirms that an announcement has been made, with the aim of making the information readily accessible to the widest audience.

11.22 Litigation and Claims

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

11.23 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares, pursuant to the Offer, from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

11.24 Dividend Policy

The extent, timing and payment of any dividends in the future will be determined by the Directors based on a number of factors, including future earnings and the financial performance and position of the Company.

At the date of issue of this Prospectus, the Company does not intend to declare or pay any dividends in the immediately foreseeable future. However, it is the aim of the Company that, in the longer term, its financial performance and position will enable the payment of dividends.

Any future determination as to the payment of dividends by the Company will be at the sole discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

11.25 Consents

Each of the parties referred to in this Section:

(a) has given the following consents in accordance with the Corporations Act which have not been withdrawn as at the date of lodgement of this Prospectus with ASIC; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

None of the parties referred to in this Section authorised or caused the issue of this Prospectus or the making of the Offer.

Canaccord Genuity (Australia) Limited has given its written consent to be named as Lead Manager to the Offer. Canaccord Genuity (Australia) Limited has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Deloitte Corporate Finance Pty Ltd has given its written consent to be named as the Investigating Accountant and to the inclusion of the Investigating Accountant's Report in Section 5 of the Prospectus in the form and context in which the report was included. Deloitte Corporate Finance Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Deloitte Touche Tohmatsu has given its written consent to be named as auditor to the Company. Deloitte Touche Tohmatsu has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Watermark Intellectual Property Pty Ltd has given its written consent to be named in this Prospectus and to the inclusion of the Intellectual Property Report in Section 8 of the Prospectus in the form and context in which the report was included. Watermark Intellectual Property Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

11. Additional Information

HWL Ebsworth Lawyers has given its written consent to be named in this Prospectus and to the inclusion of the Legal Opinion in Section 9 of the Prospectus in the form and context in which the report was included. HWL Ebsworth Lawyers has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Frost and Sullivan has given its written consent to be named in this Prospectus and to the inclusion of its market report in Section 2 of the Prospectus in the form and context in which the report was included. Frost and Sullivan has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

DLA Piper Australia has given its written consent to being named as Australian legal advisor to the Company. DLA Piper Australia has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Computershare Investor Services Pty Ltd has given its written consent to being named as the Australian share registry to the Company. Computershare Investor Services Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Each of the Directors has given their written consent to being named in this Prospectus in the context in which they are named and have not withdrawn their consent prior to lodgement of this Prospectus with ASIC.

11.26 Electronic Prospectus

Pursuant to Regulatory Guide 107 ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Shares in response to an electronic application form, subject to compliance with certain provisions. If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application moneys received will be dealt with in accordance with section 722 of the Corporations Act.

11.27 Documents Available for Inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at Suite 2 Level 2, 66 Kings Park Road West Perth WA 6005:

(a) this Prospectus;

(b) the Constitution; and

(c) the consents referred to in Section 11.25 of this Prospectus.

11.28 Statement of Directors

The Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in the financial information in Section 4 there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

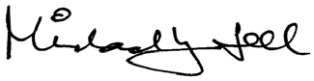
12. Authorisation

12. Authorisation

This Prospectus is authorised by the Company and lodged with ASIC pursuant to section 718 of the Corporations Act.

Each of the Directors has consented to the lodgement of this Prospectus with ASIC, in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:



Mr Michael David Lynch-Bell
Independent Non-Executive Chairman
Little Green Pharma Ltd

Dated: 19 December 2019

13. Glossary

13. Glossary

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

$	Australian dollars.
Admission	Admission of the Company to the Official List, following Completion.
Adviser Option	An option to subscribe for a Share pursuant to terms and conditions summarised in Section 11.7.
Aggregate Substantial Interest	Has the meaning given in Section 11.11(a).
Allotment Date	The date, as determined by the Directors, on which the Shares offered under this Prospectus are allotted, which is anticipated to be the date identified in the Indicative Timetable.
Applicant	A person who submits an Application Form.
Application	A valid application for Shares under the Offer made pursuant to an Application Form.
Application Form(s)	The application form(s) attached to this Prospectus.
Application Monies	Monies received from persons applying for Shares pursuant to the Offer under this Prospectus.
ARTG	The Australian Register of Therapeutic Goods.
Authorised Prescribers	Has the meaning given in Section 3.7(b).
ASIC	Australian Securities and Investments Commission.
ASX	Australian Securities Exchange Limited (ACN 008 624 691) or, where the context requires, the financial market operated by it.
ASX Settlement Rules	ASX Settlement Operating Rules of ASX Settlement Pty Ltd (ABN 49 008 504 532).
Board	The board of Directors of the Company.
Broker Firm Application Form	The Application Form in respect to the Broker Firm Offer.
Broker Firm Offer	The offer of Shares under this Prospectus to Australian resident retail clients of Brokers who have received a firm allocation from their Broker provided that such clients are not in the United States.
CannMart	Means CannMart Inc, a wholly owned subsidiary of Namaste Technologies Inc incorporated in Canada.
Cansativa	Has the meaning given in Section 3.7(c).
Cansativa LOI	Has the meaning given in Section 3.7(c).
Capital Raising Mandate	Has the meaning given in Section 11.4(b).

CBD	Has the meaning given in Section 3.6(a).
CC Pharma	Has the meaning given in Section 3.7(c).
CC Pharma Term Sheet	Has the meaning given in Section 3.7(c).
Chairman	The chairman of the Company.
Chairman's List Application Form	The Application Form in respect to the Chairman's List Offer.
Chairman's List Offer	The offer of Shares under this Prospectus to selected investors in Australian who have received an invitation from the Chairman or the Company.
CHESS	Clearing House Electronic Subregister System.
Closing Date	The date the Offer closes.
Company, LGP or **Little Green Pharma**	Little Green Pharma Ltd (ACN 615 586 215).
Completion	Completion of the Offer, being the date on which Shares are issued or transferred to successful Applicants in accordance with the terms of the Offer.
Constitution	The constitution of the Company from time to time.
Convertible Note	A convertible note issued under the Convertible Note Agreement.
Convertible Note Agreement	Has the meaning given in Section 11.4(c).
Convertible Note Holder	A holder of a Convertible Note.
Corporations Act	*Corporations Act 2001* (Cth).
Demecan	Has the meaning given in Section 3.7(c).
Demecan Term Sheet	Has the meaning given in Section 3.7(c).
Directors	The directors of the Company.
Distributor	Health House International Pty Ltd (ABN 66 161 601 083).
Electronic Prospectus	The electronic copy of this Prospectus located at the Company's website at https://lgpoffer.thereachagency.com
Eligible Participants	Has the meaning given in Section 11.10.
Employee Incentive Plan	The employee incentive plan adopted by the Company and summarised in Section 11.10.

13. Glossary

Existing Options	An option to subscribe for a Share pursuant to terms and conditions summarised in Section 11.7.
Existing Performance Rights	A right to acquire a Share pursuant to terms and conditions summarised in Section 11.8.
Exposure Period	In accordance with section 727(3) of the Corporations Act as varied by ASIC Corporations (ASIC Close Down Period) Instrument 2018/1034, the period of 14 days (which may be extended by ASIC to up to 7 days) after lodgement of this Prospectus with ASIC during which the Company must not process Applications.
FCA	Has the meaning given in Section 3.7.
Financial Information	Has the meaning given in Section 4.
GACP	Has the meaning given in Section 3.4.
GDP	Has the meaning given in Section 3.5(c).
GMP	the good manufacturing practices required by the Australian Government's Therapeutic Goods (Manufacturing Principles) Determination, and all other guidelines and regulations specified by the Australian Government and the Therapeutic Goods Administration.
GST	Goods and Services Tax.
Health House	Has the meaning given in Section 3.7(b).
HIN	Holder Identification Number.
Indicative Timetable	The indicative timetable for the Offer on page 3 of this Prospectus.
Investigating Accountant	Deloitte Corporate Finance Pty Ltd.
Investigating Accountant's Report	The report contained in Section 5.
Institutional Investors	Investors who are (a) persons in Australia who are wholesale clients under section 761G of the Corporations Act and either "professional investors" or "sophisticated investors" under sections 708(11) and 708(8) of the Corporations Act; or (b) institutional investors in certain other jurisdictions, as agreed by the Company and the Lead Manager, to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any government agency (except one with which the Company is willing in its discretion to comply).
Institutional Offer	The offer of Shares under this Prospectus to Institutional Investors in Australian and a number of other eligible jurisdictions.
Invitation	Has the meaning given in Section 11.10.
Kariki Agreement	Has the meaning given in Section 11.4(i).

Kariki Pharma	Means Kariki Pharma Limited (NZBN 9429046746986).
Lead Manager	Means Canaccord Genuity (Australia) Limited (ACN 075 071 466).
Lead Manager Mandates	Has the meaning given in Section 11.4(b).
Listing Rules	The listing rules of ASX.
Management Performance Right	A right to acquire a Share pursuant to terms and conditions summarised in Section 11.9.
Manufacturing Agreement	Means the agreement summarised in Section 11.4(d).
Manufacturing Partner	Has the meaning given in Section 3.5.
Maximum Subscription	Means the maximum amount to be raised under the Offer made by this Prospectus, being $10,000,000.
Minimum Subscription	Means the minimum amount to be raised under the Offer made by this Prospectus, being $5,000,000.
ODC	Has the meaning given in Section 3.4(a).
Offer	The offer by the Company, pursuant to this Prospectus, of up to 22,222,222 Shares at an issue price of $0.45 each to raise a minimum of $5,000,000 and a maximum of $10,000,000.
Offer Mandate	Has the meaning given in Section 11.4(b).
Offer Period	Means the period commencing on the Opening Date and ending on the Closing Date.
Official List	The official list of ASX.
Official Quotation or **Quotation**	Official quotation by ASX in accordance with the Listing Rules.
Opening Date	The date the Offer opens.
Options	An option to subscribe for a Share.
Oxford	Has the meaning given in Section 3.7(b).
Performance Right	A performance right in the Company.
PIC/S	Has the meaning given in Section 3.5.
Plan Convertible Securities	Has the meaning given in Section 11.10.
Plan Shares	A Share issued under the Employee Incentive Plan.

13. Glossary

Prospectus	This prospectus dated 19 December 2019.
Qualifying IPO	Has the meaning given in Section 11.4(c).
Relevant Interest	Has the meaning given in the Corporations Act.
Restricted Securities	Has the meaning given in the Listing Rules.
SAS-B	Has the meaning given in Section 3.7.
Section	A section of this Prospectus.
Security	Means a Share, Option, Convertible Note, Performance Right, Existing Performance Right, or Management Performance Right, as the context requires.
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	Any person holding Shares.
Share Registry	Computershare Investor Services Pty Ltd (ACN 078 279 277).
Single Convention	Means the Single Convention on Narcotic Drugs being the international treaty signed 30 March 1961 to prohibit production and supply of specific drugs and of drugs with similar effects except under licence for specific purposes, such as medical treatment and research.
SRN	Means Securityholder Reference Number.
Substantial Interest	Has the meaning given in Section 11.11(a).
THC	Has the meaning given in Section 3.6(a).
TGA	Has the meaning given in Section 3.5.
TGO93	Means *Therapeutic Goods Order No. 93 (Standard for Medicinal Cannabis)* (Cth).
Voluntary Escrow Deeds	Has the meaning given in Section 11.13.

14. Corporate Directory

Directors

Mr Michael David Lynch-Bell – Independent Non-Executive Chair
Ms Fleta Jennifer Solomon – Managing Director
Mr Angus McDougall Caithness – Executive Director
Dr Neale William Fong – Independent Non-Executive Director

Company Secretary

Mr Craig Basson

Registered Office

Suite 2, Level 2
66 Kings Park Road
West Perth WA 6005, Australia

Contact details

+61 8 6280 0050
CoSec@lgpharma.com.au

Share Registry

Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace
Perth WA Australia, Australia

Offer Information Line

1300 140 291 (within Australia)
+61 3 9415 4277 (international)

Proposed Stock Exchange Listing

Australian Securities Exchange (ASX)

Proposed ASX Code

LGP

Lawyers

DLA Piper Australia

Level 31, Central Park
152-158 St Georges Terrace
Perth WA 6000, Australia

HWL Ebsworth

Level 20, 240 St George's Terrace
Perth WA 6000, Australia

Auditor

Deloitte Touche Tohmatsu

Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000, Australia

Investigating Accountant

Deloitte Corporate Finance Pty Ltd

Tower 2, Brookfield Place
123 St Georges Terrace
Perth WA 6000, Australia

Lead Manager

Canaccord Genuity (Australia) Limited

Level 4, 60 Collins Street
Melbourne VIC 3000, Australia

little green pharma

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