

LGC Capital, Creso Pharma and Baltic Beer Company Ltd sign Binding Letter of Intent to develop cannabis and hemp derived alcoholic and non-alcoholic beverages

Highlights:

- **LGC Capital has signed a binding letter of intent with Creso Pharma Ltd and Baltic Beer Company Ltd**
- **The new joint venture will create a bespoke portfolio of unique cannabis- and hemp-derived alcoholic and non-alcoholic beverages**
- **Creso Pharma to expand its product offering into the growing edible and lifestyle markets**
- **Research and development work already underway in Switzerland, Estonia and the United Kingdom**

MONTREAL, Nov. 29, 2017 /CNW Telbec/ - **LGC Capital Ltd. (TSXV: LG) ("LGC")** is pleased to announce that LGC, Creso Pharma Limited (Australia and Switzerland) and Baltic Beer Company Ltd (UK), the home of the multi-award winning Viru Beer, have signed a Binding Letter of Intent to develop and market a bespoke portfolio of cannabis- and hemp-derived alcoholic and non-alcoholic beverages containing various ingredients, seeds, extracts and terpenes from hemp and cannabis plants.

The new joint venture company will include the following board members: Dr. Miri Halperin Wernli of Creso Pharma, John McMullen of LGC, and Alex Klaos of Baltic Beer Company Ltd, whose role will be to oversee the day-to-day operations of the new entity to ensure product development, growth targets and distribution reach are achieved.

Research and development work has already started in Switzerland, Estonia and the United Kingdom on a premium craft beer range containing unique terpenes mixes mimicking the terpenes of the cannabis plant. Terpenes are essential oils (organic compounds) found in plants that carry flavour and aroma.

The terpenes in the beer will carry the characteristic odour and fragrance of cannabis with the same taste and feel but will not contain THC or CBD or any other cannabinoids. The terpene mixes used to formulate the beers will have the smell and aroma of cannabis but in reality they originate from other plants mimicking the special mixtures. This is a significant advantage as it avoids the issue of regulatory restrictions.

Terpenes are safe molecules and are recognized as GRAS ("GRAS" = Generally Recognized as Safe) as attested by the U.S. Food and Drug Administration (FDA) classifying them as Food Additives, and by the Food and Extract Manufacturers Association and other world regulatory bodies classifying them as Safe (see WHO1/ FEMA GRAS2).

It is expected the first test batches of the terpene beer will reach selected markets in April/May 2018, with commercial sales expected to be ready for shipments from June/July 2018.

"This new joint venture combines Creso Pharma's cannabis and hemp expertise with the prestigious and multiple award-winning beer creators, Baltic Beer Company, to develop and provide consumers with innovative, high-quality hemp- and cannabis-derived beverages. Through the vast geographic reach of the three parties which spans a number of continents, future commercial and distribution partners have already been identified and are eagerly anticipating this innovative new range of drinks," said Creso Pharma's CEO and Co-Founder, Dr. Halperin Wernli.

The joint venture partners have already identified potential distribution partners in Europe, far East Asia, Central and Latin America, Canada, Africa and with the recent legalization of hemp seed-based food and drink products in Australia and New Zealand, partners have been identified in this region as well.

Further research and development will identify other opportunities within the legal framework of the target markets, which focus on a range of premium beers containing cannabis- and hemp-derived components. The joint venture partners plan to expand their portfolio into other alcoholic and non-alcoholic beverages with further announcements to be made in due course.

The joint venture will market and sell its products only in full compliance with local market regulations and only after securing all appropriate regulatory approvals. LGC's participation in the joint venture is conditional upon it obtaining all requisite regulatory approvals, including that of the TSX Venture Exchange.

"The cannabis infused beverage industry is an emerging and growing industry and we see a lot of potential value in this market. We also note Constellation Brands' (NYSE:STZ) recent minority stake in Canada-based Canopy Growth Corporation which clearly signals real interest in this sector from much larger, established and more traditional business," said John McMullen, CEO of LGC.

Alex Klaos, Director of Baltic Beer Company Ltd stated, "This partnership brings together parties who have the expertise and proven history to develop unique cannabis and hemp plant derived product offerings for consumers. We are all very excited about working with Creso Pharma and LGC on this project. The partners bring scientific expertise, significant financial investment and a wealth of experience in the beer industry which we believe will be a resounding success."

David Lenigas, LGC founder and Co-Chairman commented, "This is an excellent first venture with Creso Pharma. The international hemp and cannabis-infused beverage market is growing at significant rates and we are committed to becoming an active player in this exciting new market. Viru is already exporting their award-winning beer to many countries around the world, and with Creso Pharma's scientific expertise, we look

forward to working actively to create something of real value."

About LGC:

www.lgc-capital.com

LGC Capital Ltd. is a Canadian incorporated public company listed on the TSX Venture Exchange (TSXV: LG). LGC is a diversified investment company with core holdings in businesses that provide shareholders with exposure to a diverse range of high-growth businesses, products and services. To date, LGC has entered into agreements for investments in private cannabis operations in South Africa, Australia and Canada. LGC also has a joint venture with AfriAg (Pty) Ltd. to grow and distribute medical and recreational cannabis products in the southern African region for export to regulated and certified end users around the world, and a strategic alliance with Creso Pharma Limited for the creation of a vertically-integrated cannabis operation, which includes cultivation, IP generation, product development, and commercialization. LGC is headquartered in Montreal, Canada.

About Creso Pharma:

www.cresopharma.com

Creso Pharma brings pharmaceutical expertise and methodological rigour to the world of medicinal cannabis and strives for the highest quality in its products. It is the leader in medicinal cannabis and cannabidiol (CBD) innovation and develops cannabis and hemp derived therapeutic grade nutraceuticals and medicinal cannabis products with wide patient and consumer reach for human and animal health. Creso uses GMP development and manufacturing standards for its products as a reference of quality excellence with initial product registrations in Switzerland. It has worldwide rights for a number of unique and proprietary innovative delivery technologies which enhance the bioavailability and absorption of cannabinoids.

About Baltic Beer Company Ltd:

www.virubeer.com

A UK based company that created and markets an iconic Estonian beer brand called Viru Premium Estonian Beer. Viru beer is currently sold in numerous markets around the world including Australia, China, UK, Italy and Mexico to name a few and has won multiple awards including gold medals at Monde Selection, Brussels and the World Beer Championships Chicago.

FORWARD-LOOKING STATEMENTS:

This press release may contain forward looking statements with respect to LGC Capital Ltd. ("LGC"), Creso Pharma Limited ("Creso"), Baltic Beer Company Ltd ("Baltic"), their joint venture, and their respective operations, strategy, investments, financial performance and condition. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of LGC, Creso and Baltic, including their proposed joint venture described herein, could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Some important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, government regulation and the factors described under "Risk Factors and Risk Management" in LGC's Management's Discussion and Analysis for the fiscal year ended September 30, 2016, as filed on SEDAR (www.sedar.com). The cautionary statements qualify all forward-looking statements attributable to LGC, Creso, Baltic or their joint venture, as the case may be, and persons acting on their behalf, respectively. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release and neither LGC, Creso, Baltic or the joint venture has any obligation to update such statements, except to the extent required by applicable securities laws.

Information Relating to Creso Pharma Limited and Baltic Beer Company Ltd

All information contained in this press release relating to Creso Pharma Limited and Baltic Beer Company Ltd has been provided to LGC by such companies, respectively. LGC has relied upon this information without having made independent inquiries as to its accuracy or completeness and assumes no responsibility for any inaccuracy or incompleteness of such information.

Caution Regarding Press Releases:

Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

SOURCE LGC Capital Ltd

View original content: <http://www.newswire.ca/en/releases/archive/November2017/29/c7825.html>

%SEDAR: 00021111E

For further information: Company & Media Contacts: Canada contact: John McMullen, Chief Executive Officer, Tel.: (416) 803-0698, Email: John@lgc-capital.com; London contact: Anthony Samaha, Chief Financial Officer, Tel.: +44 (0) 20 7440 0640; Investor Relations contact: Dave

Burwell, The Howard Group Inc., Tel.: (403) 221-9015, Toll Free: 1-888-221-0915, Email: dave@howardgroupinc.com

CO: LGC Capital Ltd

CNW 09:07e 29-NOV-17